



MASILONYANA LOCAL MUNICIPALITY



ANNUAL REPORT 2013/14

FIRST DRAFT

KTP MANAGEMENT CONSULTANCY



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CHAPTER 1

COMPONENT A: EXECUTIVE SUMMARY

1.1 FOREWORD BY THE HONOURABLE MAYOR



It is a great pleasure for me, once again, to have this opportunity to reflect on the endeavours we have made as the Municipality in the quest to change the lives of the people of Masilonyana Local Municipality. More importantly this is an opportunity to thank you, the community of Masilonyana, for the support and trust you have towards us as your public representatives. This 2013/2014 Annual Report is the first annual report of the municipality to be presented in the absence of our founding President, His Excellency Nelson Rolihlahla Mandela. His passing, on the eve of the 20th year of our freedom and democracy, caused untold pain to our people and beyond our borders. We find solace in the knowledge that Madiba will live forever in our hearts, and that we have a duty to take his legacy forward. The report also takes place subsequent to our country's fifth general elections on 07th May 2014.

Such annual reporting is required from municipalities in terms of various pieces of legislation, such as Section 46 of the Local Government: Municipal Systems Act No. 32 of 2000 and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act No. 56 of 2003.

This, 2013/2014 annual performance report of the Municipality is reflective of our service delivery, developmental achievements and challenges. It is presented in recognition of our obligation to be an accountable and transparent institution.



Most importantly, the report also reflects the municipality's limitations and constraints encountered during the reporting period, which will have to be addressed going forward. Equally it is of critical importance that we learn and improve from our achievements, as well as from our oversight and limitations. I must indicate that in the year under review significant improvements were witnessed in various areas, such as Basic Service Delivery and Infrastructure Development; Economic Development and Job Creation; Organizational Development and Municipal Transformation; Strategic Planning and Clean Audit; and Financial Viability.

The Vision of Masilonyana Local Municipality is very clear; to be an integrated, developmental and viable municipality and it is enshrined in our Five Year Integrated Development Plan. An institutional environmental scan conducted by the Municipal Manager and his Senior Management team, has assisted us to prepare a more credible and achievable IDP.

The trust that the community of Masilonyana has placed in the municipality, since the local government elections cannot be betrayed. We will spare no effort in ensuring that the municipality continuously enhances the quality of the services it offers.

In all our operations and dealings value for money and transparency remains the basic principle of our business, we are unshaken in our belief and behaviour to fight corruption and fraud, and we continuously appeal to the community to blow the whistle whenever they suspect or perceive any act of fraud. I also applaud and continue to invite all stakeholders to work with us in strengthening and advancing Public Participation and Good Governance.

We thank all the people of Masilonyana for being responsible citizens by participating in the activities of the municipality through our public participation processes. Keep appreciating and defending this wonderful democracy.

Last but not least, we believe that the 2013/2014 Annual Report highlights a large number of the positives that exist in Masilonyana, that viewed collectively, should give our people a sense of hope and optimism, that we are serious about achieving our vision.

(Signed by :) _____

CLLR. K.S KOALANE
MAYOR
MASILONYANA LOCAL MUNICIPALITY

1.2 Municipal Manager's Overview

The performance of Masilonyana Local Municipality during the 2013/14 financial year largely consolidated the substantial gains made during the three previous financial years when the municipality was placed under section 139 (Administration). This trend becomes most discernable when analysing the audit outcomes as determined by the Auditor-General. There has been an improvement over the last two financial years (2011/12 and 2012/13). The financial year 2013/14 reflected a continuation of this trend, with the municipality receiving qualified opinion with reduced matters of emphasis.

However, the Stone Safari Strategic Planning Report of 2014 also identified various challenges that still need to be addressed. Municipal governance needs to be improved, stronger management is required and effective financial and non-financial performance needs to be entrenched. Additionally, the Auditor-General identified various areas of non-compliance related to the submission of documents for auditing purposes, risk management as well as to internal audit functions.

Another area of encouraging performance relates to Integrated Development Planning (IDP) within Masilonyana with the IDP of the municipality being regarded as credible by the Provincial Department of Corporative Governance & Traditional Affairs. Local Economic Development (LED) forms an important part of the IDP and Masilonyana have managed to improve progress, with compliance. Although the municipality experienced various challenges with the implementation of their LEDs during 2012/13 financial year, due to limited funding, underinvestment and a lack of dedicated personnel for the post. There's been significant improvement in this area from 2013 with the establishment of LED Forums and initiatives to establish a tourism forum by the end of 2014.

Key focus was also given to the technical department which resulted in the implementation of the following projects (some of which are still ongoing): (a). Fencing of grave yards, oxidation ponds and water treatment plants, (b) Brandfort bulk water pipeline, (c) Upgrading of Soutpan water treatment plant, d) Construction of Brandfort and Winburg sport complexes and the (e) Upgrading of Theunissen water treatment plant

The municipality went further and established the by-law enforcement unit which is tasked with the responsibility of enforcing all the municipal by-laws. Township establishments were also approved for Soutpan, Verkeerdevlei and Winburg for residential sites.

In relation to the institutional capacity of municipalities, it is encouraging to note that most Section 56 posts have been filled. However, transformation at junior management levels remains a challenge, with gender imbalances being particularly pronounced as women account for less. When taking into consideration the fact that our municipality identified a lack of skilled staff and capacity as major challenges during the year under review, it is exciting to note that R200,000.00 was budgeted for in the form of bursaries for the financial year 2013/14.

From a financial perspective, the municipality experienced a worrying decline in overall liquidity ratios. The situation has relatively been stable during the financial year under review due to the commitment demonstrated by the senior management of the municipality.



As Accounting Officer of the institution, I would like to extend my heartfelt appreciation to the political leadership and staff of the Municipality for their hard work and dedication, which culminated in the progress made by the institution during the 2013/14 financial year.

Mr S.S Mtakati
Municipal Manager



MUNICIPALFUNCTIONS, LOCATION AND DEMOGRAPHIC AND SOCIO-ECONOMIC PROFILE

The total population of Masilonyana LM which includes both male and female for all towns, that is, Theunissen/ Masilo, Brandfort/Majwemasweu, Winburg/ Makeleketla, Soutpan/Ikgomotseng, Verkeerdevlei/Tshepong, Rural, Star Diamond Mine, Beatrix Mine and Joel Mine is estimated at 63 870. This population includes Blacks, Coloureds, Indians and Whites.

The following population groups constitutes the following percentages out of the total population group of the entire municipality, that is, Blacks (91,2%), Coloureds(1,28%), Indians (0,03%), Whites (7,49%) respectively. **(Source: Stats SA Census 2011).**

Masilonyana is one of the five (5) local municipalities within the Lejweleputswa District Municipality. It had a population of 63,548 people in 2009. This population declined by almost 4.0 % from an estimated 66,139 people in 1996. The main reason for this decline could be attributed to the decline in the mining sector, which is the key contributor to growth in this locality.

In 2009, 53.9 % of all people in Masilonyana were living in poverty. This poverty rate had increased from 49.8 % in 1996.

The unemployment rate, which stood at 30.0 % in 2009, is mainly responsible for this high poverty rate. Masilonyana unemployment rate is higher than the provincial average, which was 26.4% in the same period.

What is amazing is that, a staggering 62.6 per cent of all those who were 20 years or more had attained grade 7 or higher. This indicates that the educational level of those who were of working age was not necessarily suspected. And it provided an opportunity for socio-economic development.

Masilonyana contributed a mere 1.1 % to the Gross Domestic Product of the whole Free State in 2009. This is a very small contribution. This contribution declined slightly from just less than 2.0 % in 1996. More than 98% of mining takes place in Matjhabeng and Masilonyana

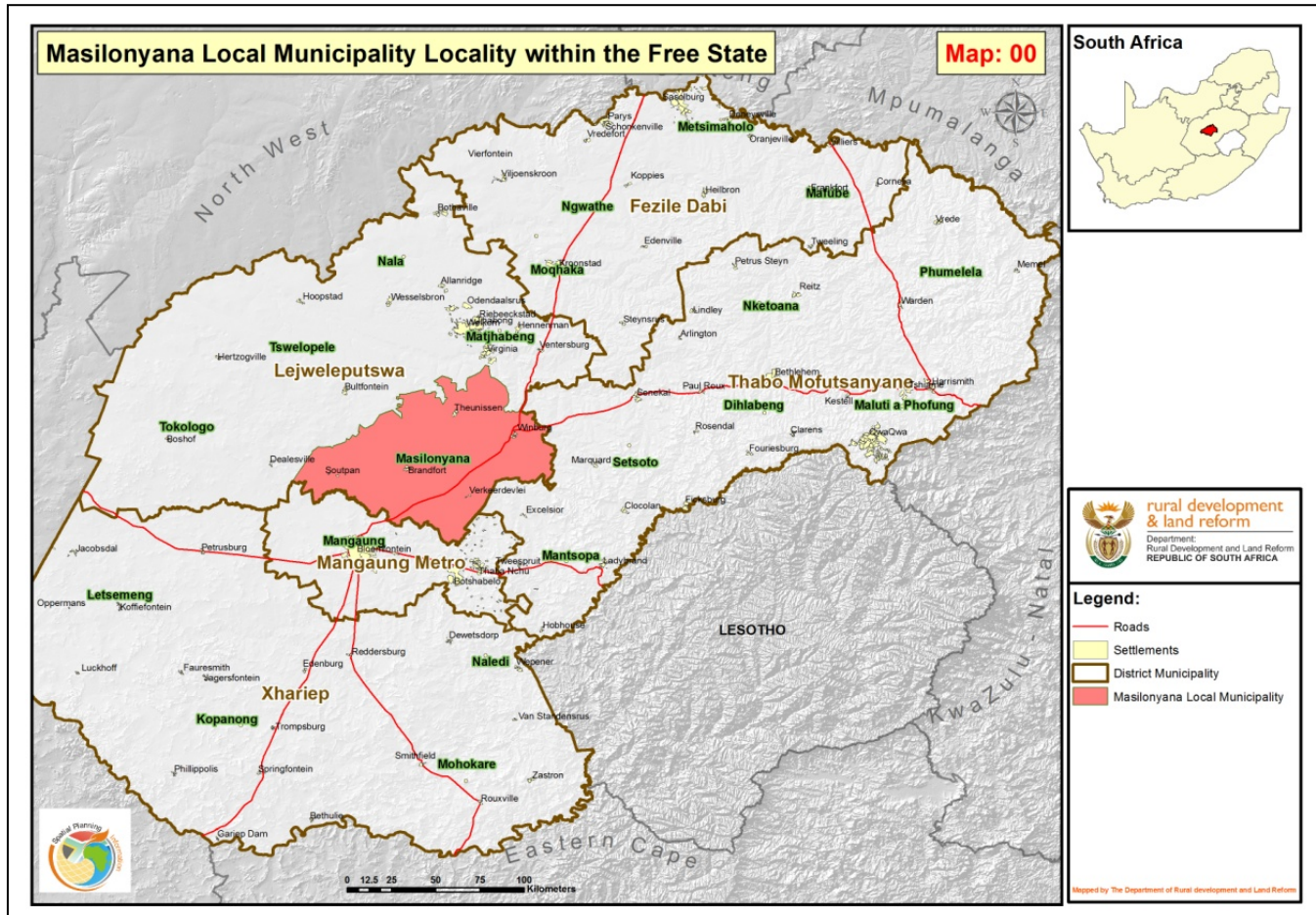
- Mining dominates GDP at (24%)
- Agriculture (17%)
- Community Services (13%)
- Manufacturing/retail are small contributors who need a new injection and focus
- Low household incomes.

The dominant position of Matjhabeng in respect of the economy of the District should be noted. Overall, about 72% of the district's economic output is generated in Matjhabeng. Matjhabeng is followed by Masilonyana where 10.8% of the economy of the District is produced. However, these relative contributions from Matjhabeng and Masilonyana have decreased since 1996. The main reason for the decreases in these two municipalities is the overall decline of the mining industry.

Municipal Functions

1. A municipality has executive authority in respect of, and has the right to administer
 - a. the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5; and
 - b. any other matter assigned to it by national or provincial legislation.
2. A municipality may make and administer by-laws for the effective administration of the matters which it has the right to administer.
3. Subject to section 151(4), a by-law that conflicts with national or provincial legislation is invalid. If there is a conflict between a by-law and national or provincial legislation that is inoperative because of a conflict referred to in section 149, the by-law must be regarded as valid for as long as that legislation is inoperative.
4. The national government and provincial governments must assign to a municipality, by agreement and subject to any conditions, the administration of a matter listed in Part A of Schedule 4 or Part A of Schedule 5 which necessarily relates to local government, if
 - a. that matter would most effectively be administered locally; and
 - b. the municipality has the capacity to administer it.
5. A municipality has the right to exercise any power concerning a matter reasonably necessary for, or incidental to, the effective performance of its functions.

Location of Masilonyana within the provincial and district jurisdiction



Map 1: Location of Masilonyana within the provincial jurisdiction.

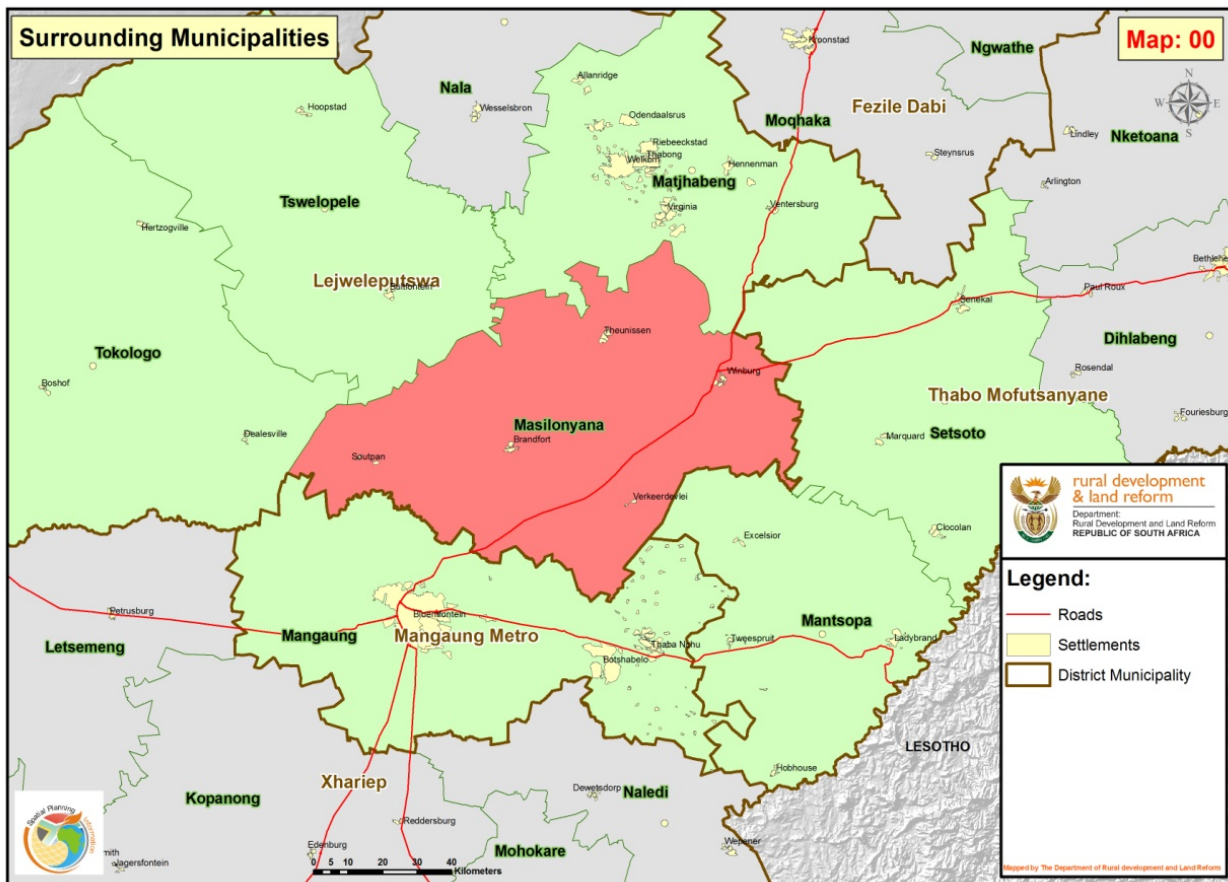
Masilonyana Local Municipality is situated in the Free State which is one of the nine provinces in South Africa. The Free State province is situated in the centre of South Africa, making it one of the most accessible provinces due to its location in respect of the rest of South Africa. The Free State borders the Northern Cape, North West, Gauteng, Mpumalanga, Kwa Zulu-Natal, Eastern Cape Provinces and also has an extensive boundary with Lesotho.

Masilonyana Local Municipality consists of a total population of 63333 people. There is an indication that their total figures of the population has not been constant since 1996. Census data for 2007 shows the highest total population figure since 2007 and 2011 shows a decline in the total population as the municipality had the lowest population. Race Comparison of Masilonyana comprises of Africans, Asian/Indians, Coloured and Whites and Africans, and Africans mostly reside in the municipal area.

Masilonyana Local Municipality covering an area of 679 725.2 ha forms part of Lejweleputswa District Municipality which comprises of other municipalities namely Matjhabeng, Nala, Tokologo and Tswelopele.

It is bordered by Mantsopa and Setsoto Local municipalities to the east, Mangaung Metropolitan Municipality to the south, Tokologo and Tswelopele Local Municipalities to the west and Matjhabeng Local Municipality to the north.

The municipality comprises of five towns which are Theunissen (the administrative head office), Brandfort, Winburg, Verkeerdevlei and Soutpan and it also consists of ten wards.



Theunissen/ Masilo: The towns of Theunissen and Masilo falls within wards 7, 8, and 9 in Masilonyana local municipality. One of the major connecting roads, R30 traverses the town in a north-south direction that links North West province with Bloemfontein through Welkom. The wards of Theunissen are surrounded by wards 5, 6 and 9. The town serves as the employment centre for some of the local residents. Most importantly, this urban centre consists of two major rural towns namely Theunissen and the Masilo townships. The main aim of the SDF will be to focus on rural development within the two centers in an integrated way to ensure the town will develop as a unity.

Brandfort/Majwemasweu: Brandfort/ Majwemasweu is situated in the centre part of Masilonyana Local Municipality approximately 42 km away from the town of Theunissen and 55 km from the capital of the Free State province, Bloemfontein. The area falls within ward 1 and is bordered by ward 10 to the north and east and ward 2 to the west. The R30 that traverses through Theunissen also connects Brandfort with the main corridor from the NorthWest province. The connection between Brandfort and Winburg has been one of the alternative routes followed by commuters reluctant to use the N1 National route, especially heavy vehicles.

Winburg/ Makeleketla: Winburg / Makeleketla townships are situated in the eastern part of the Masilonyana Local Municipality area. The centre is 31 km away from the town of Theunissen and 54 km away from the town of Brandfort. Winburg falls within ward 4 of the administrative region of the local municipality and is bordered by ward 5 to the west and ward 3 to the east. The town is situated next to the N1 corridor that links the Gauteng Province with the Western Cape via Bloemfontein. The N5 national route to Harrismith via Bethlehem starts at Winburg. The locality of Winburg in relation to national routes makes it one of the most accessible towns in the Free State province. The locality of the national route has numerous advantages to the town of Winburg and is an aspect that must be explored to ensure the sustained economical growth of the area.

Verkeerdevlei/ Tshepong: Verkeerdevlei/ Tshepong is a small town in the Free State province of South Africa. It was named after a stream which runs in the opposite direction to other streams in the area, hence the name in Afrikaans for "Wrong Marsh". The name of the town was used to identify the toll gate on the N1. The town is 9 km away from the N1 route and also the toll gate. The town is approximately 55 km away from Bloemfontein. Verkeerdevlei falls within ward 3 of the administrative region of the local municipality and is bordered by ward 4 to the north and ward 10 to the west. The town can be seen as an agricultural village and a town with a rural function.



Soutpan/ Ikgomotseng: Soutpan is a very small town that was established due to the existence of salt in the immediate surroundings of the town. The town is still producing a vast amount of salt and the current inhabitants of Soutpan are employed by the salt production industry.

The town is 52 km away from the town of Bultfontein to the north and 38 km away from Bloemfontein to the south. The area is known for the Florisbad anthropological area and also the Soetdoring Nature Reserve. Ikgomotseng is 5 km to the east of Soutpan and can almost be seen as a centre on its own. The area falls within ward 2 of the administrative region of the local municipality and is bordered by ward 10 to the north and ward 1 to the east.



DEMOGRAPHIC AND SOCIO-ECONOMIC PROFILE OF THE MUNICIPALITY

The official statistics according to *Statistics South Africa's Census 2001*, *Community Survey 2007* and *Census 2011* were used.

Gender distribution of population

	Census 2001	CS2007	Census 2011
Males	32 587 (50.6%)	-	31 961 (50.5%)
Females	31 824 (49.4%)	-	31 374 (49.5%)

Racial distribution of population

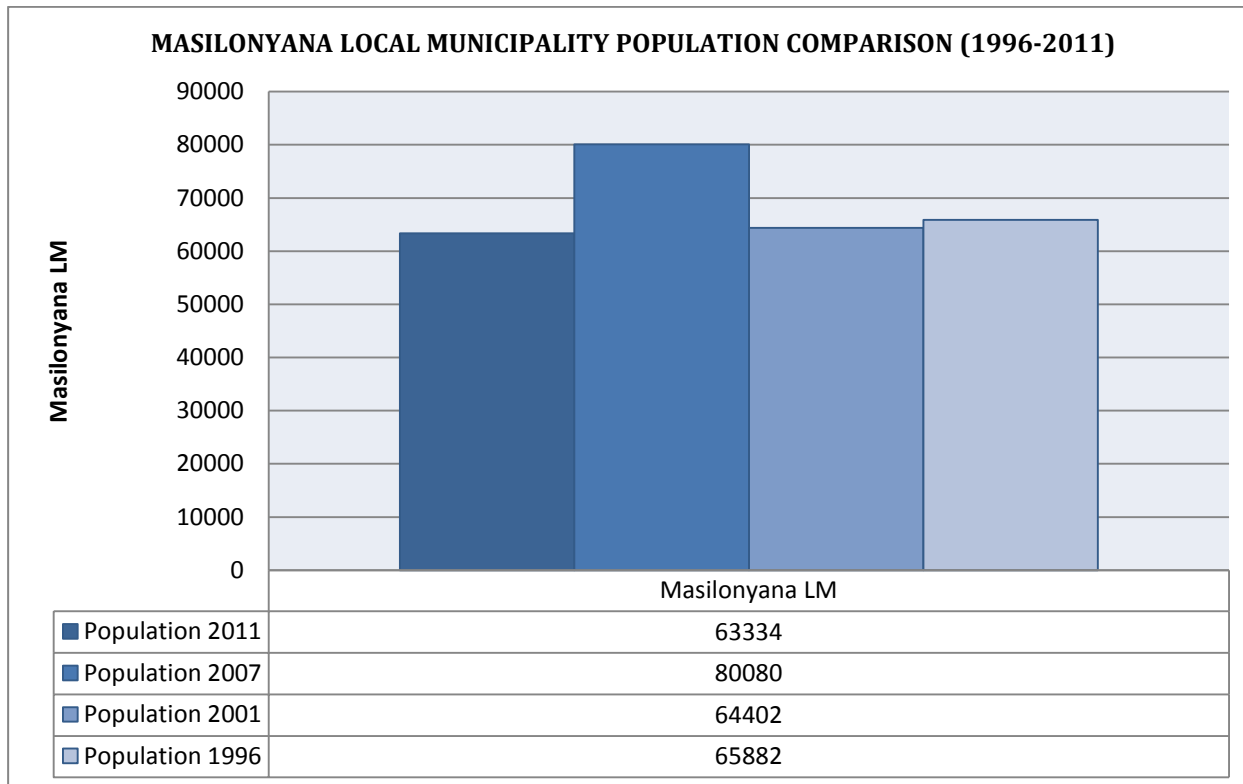
	Census 2001	CS2007	Census 2011
African	59 252 92.0	-	58 015 91.6
Whites	4 320 6.7	-	4 216 6.7
Coloured	821 1.3	-	726 1.1
Indian or Asian	18 0.0	-	209 0.3
Other	-	-	168 0.3

Age distribution of population

	Census 2001	CS2007	Census 2011
0– 4 years	6 100 9.5	-	6 906 10.9
5– 14 years	13 081 20.3	-	11 961 18.9
15– 34 years	23 692 36.8	-	21 761 34.4
35–64 years	18 086 28.1	-	19 016 30.0
65 years and older	3 452 5.4	-	3 689 5.8



Population of Masilonyana



Source: Census Statistics 1996 –2011

Employment, Age and Population Statistics

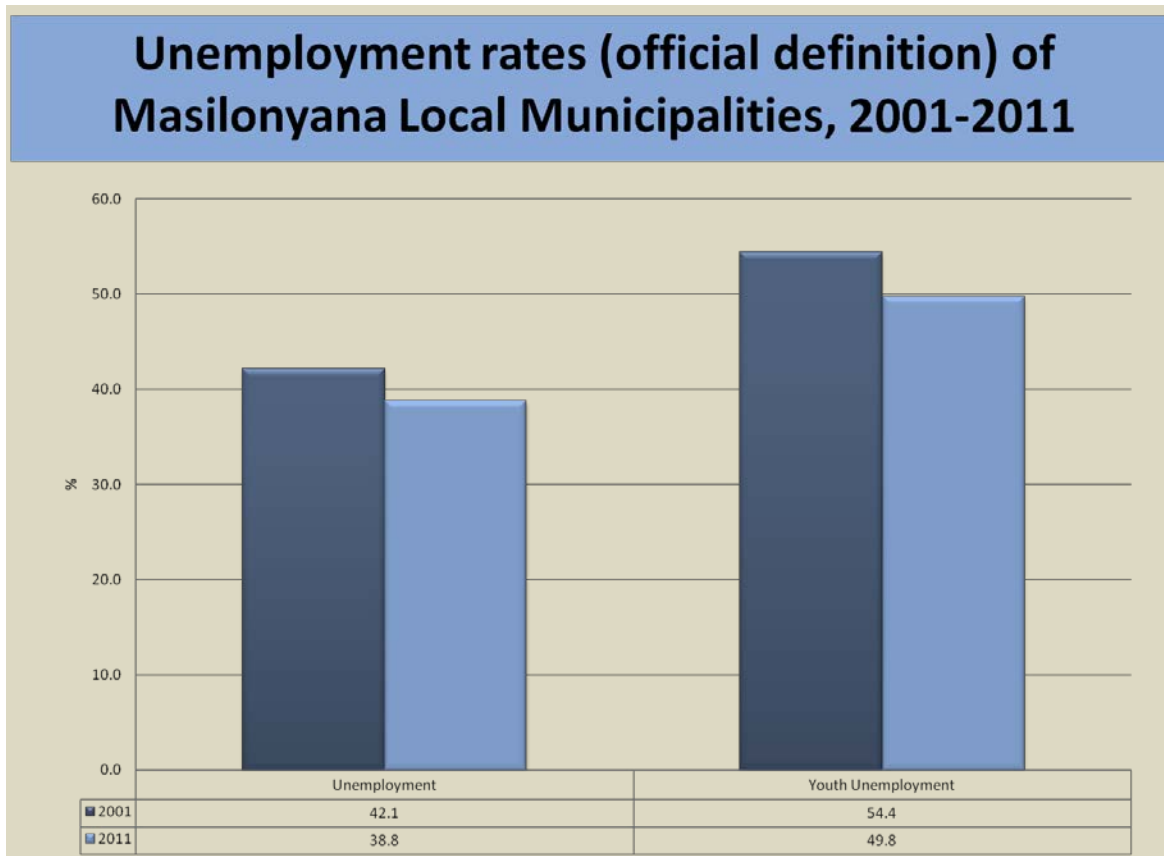


Figure: Employment situation (Source Stats SA 2001 – 2011)

The official unemployment rate of Masilonyana is decreased from 42,1 % to 38.8 % which is still very high and Local economic Development opportunities are becoming critical and needs to be addressed through both the Private and Public Sectors.



LOCAL PROFILE

1.4 SERVICE DELIVERY OVERVIEW

Ward	Households	Formal Dwellings (%)	Telephone at Home (%)	Electricity (%)	Sanitation (%)	Piped Water to Dwelling (%)
1	1394	40.3	9.0	73.2	2.5	58.4
2	1897	77.4	35.5	78.4	38.7	43.0
3	1693	56.9	13.9	67.6	6.7	23.2
4	1251	65.1	38.5	91.3	34.2	44.9
5	682	35.9	7.6	51.9	28.9	22.4
6	1344	63.0	26.6	68.9	26.0	65.7
7	1565	72.9	18.0	81.9	26.7	22.0
8	1299	7.9	0.0	74.7	0.3	26.1
9	1764	47.8	15.6	60.0	28.1	31.7

Statistics South Africa Household Services, Geography by Source of water for Household weighted 2011

Statistics South Africa Household Services ,Geography by Source of water for Household weighted 2011									
W/ D	Regional/local water scheme (operated by municipality or other water services provider)	Borehole	Spring	Rain water tank	Dam/pool /stagnant water	River/ stream	Water vendor	Water tanker	Other
1	1274	14	1	10	27	1	15	8	7
2	1806	333	1	11	12	4	17	72	30
3	1430	457	5	9	17	-	2	50	8
4	1238	94	-	-	-	-	1	1	70
5	2569	112	-	11	1	1	1	7	59
6	513	185	-	3	2	1	-	3	12
7	2050	4	-	-	37	-	-	9	19
8	1177	-	-	-	1	-	1	4	19
9	2239	38	-	7	2	1	5	8	67
10	1333	5	6	-	1	-	2	5	26

**EDUCATION (AGED 20+)**

No Schooling	8.80%
Higher Education	4.50%
Matric	23.10%

HOUSEHOLDS DYNAMICS

Households	17 575
Average household size	3.30
Female headed households	42.70%
Formal dwellings	82.90%
Housing owned	62.30%

HOUSEHOLDS SERVICES

Flush toilet connected to sewerage	70.50%
Weekly refuse removal	53.90%
Piped water inside dwelling	28.90%
Electricity for lighting	93.20%

Source: Census 2011



1.3 FINANCIAL HEALTH OVERVIEW

Financial Overview – 2013/14

Financial Overview – 2013/14			
			R' 000
Details	Original Budget	Adjustment Budget	Actual
Income			
Grants	86 121 000	86 121 000	132 375
Taxes, Levies & tariffs	81 236 000	75 576 355	82 866
Other	15 768 574	15 606 169	8 208
Sub Total	183 125 574	177 303 534	223 449
Less Expenditure	183 083 262	177 296 902	224 391
Net Total*	42 312	6 622	-20 941

Operating Ratios

Operating Ratios		
Details	2013	2014
Employee Cost	32.92%	27.47%
Repairs & Maintenance	2.65%	3.61%
Finance Charges & Impairment	15.37%	0.07%

This current year: employee costs with 27.47% compared to previous financial year (32.92%), considerably have reached low peak, below the acceptable benchmark of **36% as recommended by national treasury**.



Capital Expenditure

Capital Expenditure	2013	2014 R 000
Original Budget	45,542	61 045 735
Adjustment Budget	83 771	61 045 735
Actual Budget	169 011 047	



1.4 ORGANIZATIONAL DEVELOPMENT OVERVIEW

Human Resource Services

For the last quarter of the 2013/14 financial year the municipality focused on ensuring effective management of available human resources and attraction of competent work force. The Human Resources Management Manual was developed and forwarded for approved by council in 2013/14 in order to ensure proper governance of the workforce. Senior Management Teams were trained on developed policies in order to familiarise the team with the policies. The municipal structure was review and filling of vacant position as identifies in the new structure is also placed at the centre of service delivery by the municipal manager.

Skills Development:

Management team is attending training in various fields with the sole objective of capacity building and skills development, to close identified gaps within different directorates.

Promoting Safe and Healthy Working Environment:

Occupational Health and Safety Risk Assessments were conducted in 2013/14 where efforts to mitigate on all identified risks are unfolding. All employees performing work of the nature that required safety clothing and equipment were provided annually with requirements of safety. Health and Safety Committee which is inclusive of representatives is established and needs to be revitalised to ensure its effective functionality.

Promoting the Wellbeing of all Employees:

Organization wide Employee Wellness Program was approved by council in 2010 as a framework to guide wellness activities continuously.

Management of Labour Relations:

The municipality has made serious strides to ensure that the labour relationship between management and union remain sound. This is witnessed by the lack of strike actions within the municipality. The local Labour Forum was functional and effectively especially on matter affecting the municipal workforce.

Information and Communications Technology:

Information and Communications Technology is the backbone of service operations in the Municipality. The unit has set out to achieve the following.

- Information Technology Governance

The issue of governance was flagged as a necessary intervention to regulate and guide



the development path of IT in the Municipality. Information Technology Governance is a subset discipline of Corporate Governance focused on information technology (IT) systems and their performance and risk management.

The rising interest in IT governance is partly due to compliance initiatives, but more so because of the need for greater accountability for decision-making around the use of IT in the best interest of all stakeholders.

IT capability is directly related to the long term consequences of decisions made by top management. Traditionally, executives deferred key IT decisions to the company's IT professionals. This cannot ensure the best interests of all stakeholders unless deliberate action involves all stakeholders.

IT governance systematically involves everyone, executive management and staff. It establishes the framework used by the organization to establish transparent accountability of individual decisions, and ensures the traceability of decisions to assigned responsibilities.

- **Information Technology Service Continuity Planning**

Continuity management is the process by which plans are put in place and managed to ensure that IT Services can recover and continue should a serious incident occur. It is not just about reactive measures, but also about proactive measures - reducing the risk of a disaster in the first instance.

Continuity management is regarded as the recovery of the IT infrastructure used to deliver IT Services, but many businesses these days practice the much further reaching process of Business Continuity Planning (BCP), to ensure that the whole end-to-end business process can continue should a serious incident occur.

- **Facility and Control Management**

The municipality needs to comprehensively revamp its facility in line with the best practices and ensure that the control environment has the necessary features that would protect the production environment. Further a modernization server room is needed also to ensure the following:

- The physical environment of a server room is rigorously controlled;
- Raised Floors: for easy access of wires and cables;
- Backup power consists of one or more uninterruptible power supplies and or generators;
- Fire protection system include passive and active elements, in that there are smoke detectors installed to provide early warning systems, fire sprinklers to control fire should it develop and the surrounding of the server room is fitted with fire walls so a fire can be restricted to a portion of the facility for a limited time in the event of the failure of the active fire protection systems
- Access to the server room is limited to selected personnel and controlled by the biometric system and also monitored by high definition cameras

Information and Communications Technology operations are a crucial aspect of most organizational operations. One of the main concerns is **business continuity**; companies rely on their information systems to run their operations. If a system becomes unavailable, company operations may be impaired or stopped completely. It is necessary to provide a reliable infrastructure for ICT operations, in order to minimize any chance of disruption. Information security is also a concern, and for this reason a server room has to offer a secure environment which minimizes the chances of a security breach.

A server room must therefore keep high standards for assuring the integrity and functionality of its hosted computer environment. This can be accomplished through redundancy of both fibre optic cables and power, which includes emergency backup power generation.

Print Room: there is a need to procure printing room equipment of high standards to assist the relevant line department in its support function.

PCs and Desktops:

This must be an on-going process to continually automate municipal operations. The exercise also included replacement old equipment's.



1.6 STATUTORY ANNUAL REPORT PROCESS

Annual report of Masekane against its core legislative obligations and service delivery priorities, this is assessed primarily against the municipality's developmental priorities and objectives that are cited in the municipal IDP

Activity	Timeframe
Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
Implementation and monitoring of approved Budget and IDP commences (In-Year financial reporting).	
Finalise the Performance Report for 2013/14 financial year	
Submit draft Annual Report to Internal Audit and Auditor-General	August
Municipal entities submit draft annual reports to MM	
Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
Municipal Manager tables the unaudited Annual Report to the Mayor	
Municipality submits draft unaudited Annual Report including consolidated annual financial statements to Auditor General	
Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
Municipalities receive and start to address the Auditor General's comments	November
Mayor tables Annual Report and audited Financial Statements to Council	
Complete with the Auditor-General's Report	
Audited Annual Report is made public and representation is invited	
Oversight Committee assesses Annual Report	December
Council adopts Oversight report	
Oversight report is made public	
Oversight report is submitted to relevant provincial councils	January
Commencement of draft Budget/IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	



COMPONENT B: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The municipality endeavours to comply with the regulatory frameworks and best practices regarding corporate governance. This includes the establishment, internal audit unit and independent audit committee and the implementation of fraud and anti-corruption policies and measures.

RISK MANAGEMENT

BACKGROUND

The provision of Section 62 (1) (c) (i) of the Municipal Finance Management Act (Act 56 of 2003) stipulates that the Accounting Officer (Municipal Manager) of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all responsible steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

ROLE OF RISK MANAGEMENT

Risk management forms a critical part of any institution's strategic management. It is the process whereby an institution methodically and intuitively addresses the risks attached to its activities with the goal of achieving sustained benefit within each activity and across the portfolio activities. Risk Management is therefore recognized as an integral part of sound organizational management and is being promoted internationally as good practice to both the public and private sectors.

ACHIEVEMENTS

The municipality has a fully functional risk management unit, Ms. D.R Shuping was appointed as chief risk officer from 1st April 2014, and however provisions were made on the structure for the position of risk management officer and risk management clerk. The risk management committee was appointed by Municipal Manager on the 1st November 2013, which is constituted by all senior managers in all different departments and chaired by chairperson of audit committee, and council approved the risk management committee.

The following strategic documents were presented to risk management committee and senior management and council.

-  **Risk management strategy**
-  **Risk management policy**
-  **Fraud prevention strategy**
-  **Fraud prevention response plan**



The risk assessment was conducted in all municipal departments and a workshop was facilitated to improve understanding of the role and importance of the office. The risk register is in place and it provides a list of all the risks identified.

Top 5 Inherent Risks as per the developed risk register

Below are overview five most significant risks in terms of inherent risk exposure:

- Aging Infrastructure;
- Document Management/ Records Management & Archiving;
- Performance Management;
- Internal Controls;
- Supply Chain Management.

INTERNAL AUDIT

Internal Audit Unit of the municipality is established in terms of section 165 of MFMA No.56 of 2003. Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the municipal operations. The Internal Audit was fully functional for the entire financial year of 2013/14. The Internal Audit reports directly to the audit committee.

Unit Structure:

Internal Audit consists of the following:

- *Senior Internal Auditor*
- *Internal Auditor (Performance)*
- *Internal Auditor (Compliance)*
- *Internal Audit Clerk (Performance)*
- *Internal Audit Clerk (Compliance)*

At the beginning of the financial year, internal audit has developed a risk based internal audit plan, internal audit charter, and internal audit programme as to ensure that the municipal strategic objectives are achieved through assessing the effectiveness of the internal controls and adherence to policies and procedures.

Audit Committee:

The Audit Committee of Masekane Local Municipality is established in terms of section 166 of MFMA No. 56 of 2003. Audit Committee consisted of four members. One member resigned during the financial year, which has resulted to three members remaining in the office. The audit committee has discharged its mandate as per section 166 of MFMA No. 56 of 2003. Audit Committee was fully functional for the entire financial year of 2013/14. There was no performance committee that was established for the 2013/14 financial year.



FRAUD AND ANTI-CORRUPTION STRATEGY

In terms of the Municipal Systems Act (MSA) Act 32 of 2000 Section 83 (c), if a municipality decides to provide a municipal service through service delivery agreement with a person referred to in section 80 (1) (b), it must select the service provider through selection processes which minimize the possibility of fraud and corruption.

Masilonyana Local Municipality has the following strategies in place to prevent corruption, fraud and theft:

- Internal Audit Unit reviews the effectiveness of the systems of internal control, governance and risk management on a continuous basis.
- SCM Policy
- and is in the process of developing Risk Management Policy

SUPPLY CHAIN MANAGEMENT

The SCM forms part of the Finance Directorate under the leadership of the municipal chief financial officer. During the budget process the SCM Policy was adopted, which was formulated in terms of section 111 of the MFMA and SCM regulations of 2005. The municipality has further appointed a senior official in SCM unit in response the AG's finding the previous financial year. Also I an effort to further strengthen internal controls as they relate to SCM.

Tenders are published on the notice boards of all municipal buildings and other public buildings, also in the local, district, provincial and national newspapers.

BY-LAWS

After a By-Law has been passed by council it get published promptly and gazetted, wereafter it takes effect.



WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's/Entity's Website	Yes/No	Publishing Date
Current annual and adjustment budget and all budget-related documents	yes	
All current budget-related policies	yes	
The previous annual report(2012/13)	No	
The annual report(2012/13)published/to be published	No	
All current performance agreements required in terms of section57(1)(b)of the Municipal	Yes	
All service delivery agreements(2013/14)	No	
All long-term borrowing contracts(2013/14)	No	
All supply chain management contracts above a prescribed value(give value) for 2013/14	No	
An information statement contain in a list of assets over a prescribed value that have been disposed of in terms of section14(2)or(4)during2011/12	No	
Contracts agreed in 2012/13 to which subsection(1) of section 33 apply, subject to subsection(3) of that section	No	
Public-private partnership agreements referred to in section120 made in 2013/14	n/a	
All quarterly reports tabled in the council in terms of section52(d)during2011/12	No	
<i>Note: MFMA s75 sets out the information that municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i>		



PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

The municipality through the office of the Chief Financial Officer has developed a compliance register to give effect to community queries and compliance. However, the municipality plans to strengthen the customer care unit. This still remains a challenge, in that it has been difficult to conduct a satisfaction survey, due to limited financial resources.



CHAPTER 2

2.1 POLITICAL GOVERNANCE

The municipal council consists of twenty members elected by [mixed-member proportional representation](#). Ten councillors are elected by [first-past-the-post voting](#) in ten [wards](#), while the remaining ten are chosen from [party lists](#) so that the total number of party representatives is proportional to the number of votes received. In the [election of 18 May 2011](#) the [African National Congress](#) (ANC) won a majority of sixteen seats on the council. The following table shows the results of the election.^{[6][7]}

Party	Votes				Seats		
	Ward	List	Total	%	Ward	List	Total
ANC	13,240	13,356	26,596	78.5	10	6	16
DA		2,666	2,666	7.9		2	2
FFP	1,857	518	2,375	7.0	0	1	1
COPE	412	514	926	2.7	0	1	1
INDEPENDENT	915		915	2.7	0		
PAC	292	92	384	1.1	0		
TOTAL	16,716	17,146	33,862	100.0	10		
SPOILT VOTES	658	281	939				

The interface between political and administrative structures are managed by the Mayor and Municipal Manager, the municipality participated effectively in the various inter-governmental structures, public accountability and participation are managed by the Speaker's Office and the Mayor in terms of their respective responsibilities and a number of corporate governance arrangements have been institutionalised to ensure legislative compliance and best practice.

The political structure of the municipality consist 20 Councillors. Ten of the elected Councillors to represents the ten wards within the municipality whilst the other ten Councillors are PR Councillors and represents their respective political parties in the municipal council. There are two political office bearers that were elected in their respective positions by the full council. The two political office bearers are the Mayor and the Speaker.

The Mayor of Maseko Local Municipality is honourable Councillor K. S. Koalane. The Mayor is the senior political office bearer that carries the following responsibilities:

- *Identify the needs of the municipality*
- *Review and evaluate those needs in order of priority*
- *Recommend to the Council strategies, programmes and services to address priority needs*



through the integrated development plan

- *Recommend or determine the best way to implement the plan*
- *Evaluate progress against the key performance indicators*
- *Review the performance of the municipality*
- *Monitor the management of the municipality's administration in accordance with the directions of the municipal council*
- *Oversee the provision of services to communities in the municipality in a sustainable*
- *Manner perform such duties and exercise powers as the council may delegate to him or her annually report to the council on the involvement of communities and community organizations.*
- *Ensure that regard is given to public views and report on the effect of consultation on the decisions of the council.*
- *Must perform ceremonial role as the council may determine.*
- *Must report to the municipal council on all decisions taken by the mayor.*
- *Determine the venue, time and date of the Executive Committee meetings.*
- *Delegate specific responsibilities to each member of the committee.*

The Speaker of Maseko Local Municipality is honourable Councillor SJ Mabitle who is the Chairperson of all Council meetings and is responsible for the Discipline of councillor and to maintain order at meetings and other functions. The Speaker is responsible for:

- *To perform the duties and exercise the powers delegated to the Speaker.*
- *Must ensure that the council meets at least quarterly.*
- *Must ensure compliance with the code of conduct*
- *Must ensure that the council meetings are conducted in accordance with the rules and order of the council.*
- *Determine the date, time and venue of ordinary and special council meetings.*



The Executive Committee of the Council is assisted by the following portfolio committees. Each of these committees is chaired by a member of the Executive committee of council.

The four portfolio committees are as follows:

- Human Resources and Corporate Services Committee.*
- Finance Management Committee.*
- Social and Community Services Committee.*
- Infrastructure and LED Committee*

The Council is assisted by section 79 committees. Each of these committees is chaired by a member of the municipal council that is not an Executive Committee member.

Section 79 committees that are currently in operation are as follows:

- Rules Committee*
- Oversight Committee*
- MPA Committee*

The Oversight committee that consist of members who are not Executive Committee members, and has been established to play an oversight role.



POLITICAL MANAGEMENT

Composition of Council: ANC 16, DA 2, FF+ 1, COPE 1

Mayor: Mr Kunatu Koalane

Other Members of Council: Senki Mabitla (Speaker), Dimakatso Modise (Chairperson: Infrastructure, Local Economic Development, Urban Planning and Housing Committee; and Corporate Services and Human Resource Committee), Masetjhaba Tsoela (Chairperson: Finance Committee), Phillip Botha (Chairperson: Social Development and Community Services Committee)

The municipality has 20 Councillors of which 10 is Ward Councillors and 10 PR Councillors.

PHOTOS	
FUNCTION	
MAYOR: K.S Koalane	<i>Overall political responsibility for sound governance and service delivery</i>
SPEAKER: S.J Mabitle	<i>Public participation, ward committees and managing Council and Committee meetings</i>
CHIEFWHIP: M.E Modise	<i>Ensures discipline among Councillors; Managing relations between political parties representation on committees</i>
EXECUTIVE SUMMARY:	
<ul style="list-style-type: none"> • Councillor K S Koalane • Councillor M E Modise • Councillor Tsoela • Councillor P TBotha 	



2.2 ADMINISTRATIVE MANAGEMENT

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Note: MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The Municipal Manager is the accounting officer of the municipality and the head of the administration and reports directly to the Mayor and Council. Directors (section 56 managers) report directly to the Municipal Manager and their performance is managed by the Municipal Managers in terms of the annually signed performance agreements and plans.

Directors are responsible for the management of their respective functions/departments, which include the management of service delivery programmes and targets, personnel and budgets.

The Municipal Manager ensures accountability by departments through weekly and monthly management meetings and quarterly performance reviews of Directors.

TOP ADMINISTRATIVE STRUCTURE

Note: MFMA section 60(b): The Municipal Manager of a municipality is the accounting officer of that municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The Municipal Manager is the accounting officer of the municipality and the head of administration and reports directly to the Mayor and Council. Managers (section 56 managers) reporting directly to the Municipal Manager and their performance is managed by the Municipal Manager in terms of the annually signed performance agreements and plans.

Managers are responsible for the management of their respective functions/departments, which include the management of service delivery programmes, targets, personnel and budgets. The Municipal Manager ensures accountability by departments through weekly and monthly management meetings and quarterly performance reviews of Managers.



TOP ADMINISTRATIVE STRUCTURE

	STRUCTURE	FUNCTION
<u>MANAGERS</u>	CHIEF FINANCIAL OFFICER Me. F Mzizi	<i>Revenue, Expenditure, Asset and Liability Management; Budgeting & Financial Reporting</i>
	ACTING MANAGER: Infrastructure Services Mr P Tshabalala	<i>Water, Sanitation, Electricity, Roads, Storm-water and PMU</i>
	MANAGER: Corporate Services Mr M.D. Nthau	<i>Human Resources, Auxiliary and Legal Services, Council Support</i>
	MANAGER: Community & Social Services Me. M.E. Maphobole	<i>Waste management, Sport & Recreation, Arts & Culture, Public Safety, Urban Planning and Parks</i>



COMPONENT B: INTER GOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE INTERGOVERNMENTAL

Note: MSA section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution section 41.

The municipality endeavours to comply with the regulatory frameworks and best practices regarding corporate governance and intergovernmental relations. This includes the establishment of a risk management function, internal audit unit and independent audit committee, the implementation of fraud and anti-corruption policies and measures and active participation in various IGR structures.

2.3 INTERGOVERNMENTAL RELATIONS

In 2005, the Inter-governmental Relations Framework Act was passed to make sure that the principles in Chapter Three of the Constitution on cooperative government are implemented. The Act seeks to set up mechanisms to coordinate the work of all spheres of government in providing services, alleviating poverty and promoting development. The Act also establishes a line of communication that goes from municipalities to the provinces and directly to the Presidency.

NATIONAL INTERGOVERNMENTAL STRUCTURES

The municipality participates in all districts, provincial and national structures.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The main structure is the Premier's Coordinating Forum (PCF) in which the Mayor and Municipal Manager participate. The municipality does participate in the structures and this has promoted good interrelations, best practices and information sharing among stakeholders.

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DISTRICT INTERGOVERNMENTAL STRUCTURES

The main structure is the District Coordinating Forum (DCF) in which the Mayor and Municipal Manager participated and has promoted good relations and best practices in leadership and governance between Masilonyana local municipality and Lejweleputswa district municipality.

MSA section 17 (2): requires a municipality to establish and organise its administration to facilitate a culture of Accountability amongst its staff. Section 16(1): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance.

Section 18 (a)-(d): requires a municipality to supply its community with information concerning municipal governance and development.

The municipality managed to establish functional ward committees which held monthly meetings convened by the ward council as chairperson. These committees served as a link to represent the aspirations, concerns and needs of the community.

Service delivery challenges such as electricity outages, water, sanitation, indigents and roads were major issues dealt with by the ward committees

2.4 PUBLIC MEETINGS

The municipality managed to establish functional ward committees in all 10 wards. Monthly meetings convened by the Ward Councillor as Chairperson were held in the majority of the municipal wards. These committees serve as a link between the municipality and communities and represent the aspirations, and needs of the community.

Service delivery challenges such as electricity outages, water, sanitation, IGGs and roads were major issues dealt with by the ward committees.

Benefits are: Dissemination of information, community participation in the development of municipal plans, IDP inputs, being aware of the concerns of our residents, providing clarity on issues and accountability of the municipality to its residents; Minimizing voter apathy amongst our residents and Inculcating the concept of responsible residents.

2.5 WARD COMMITTEES

The municipality managed to establish functional ward committees in all 10 wards. Monthly meetings convened by the Ward Councillor as Chairperson were held in the majority of the municipal wards. These committees serve as a link between the municipality and communities and represent the aspirations, concerns and needs of the community.

Service delivery challenges such as electricity outages, water, sanitation, IGGs and roads were major issues dealt with by the ward committees.



2.6 IDP PUBLIC PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment	Yes/No
Criteria*	
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the DP KPI's align to section 56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes



CHAPTER 3

COMPONENT A: SERVICES DELIVERY PERFORMANCE

INTRODUCTION TO BASIC SERVICES

This component includes: water; wastewater (sanitation); electricity; waste management; and housing services; and a summary of free basic services

3.1 WATER PROVISION

INTRODUCTION TO WATER PROVISION

The insufficient capacity of the plants produces less water than the demand and possesses a challenge in water provision. In Theunissen the plant produces 5 Ml/d while the demand is over 6 Ml. The plant had been refurbished to operate at full capacity. Water is closed at night to build up the pressure and quantity.

The Winburg plant and reservoirs are very old with insufficient capacity. The business plans had been submitted to MIG for funding.

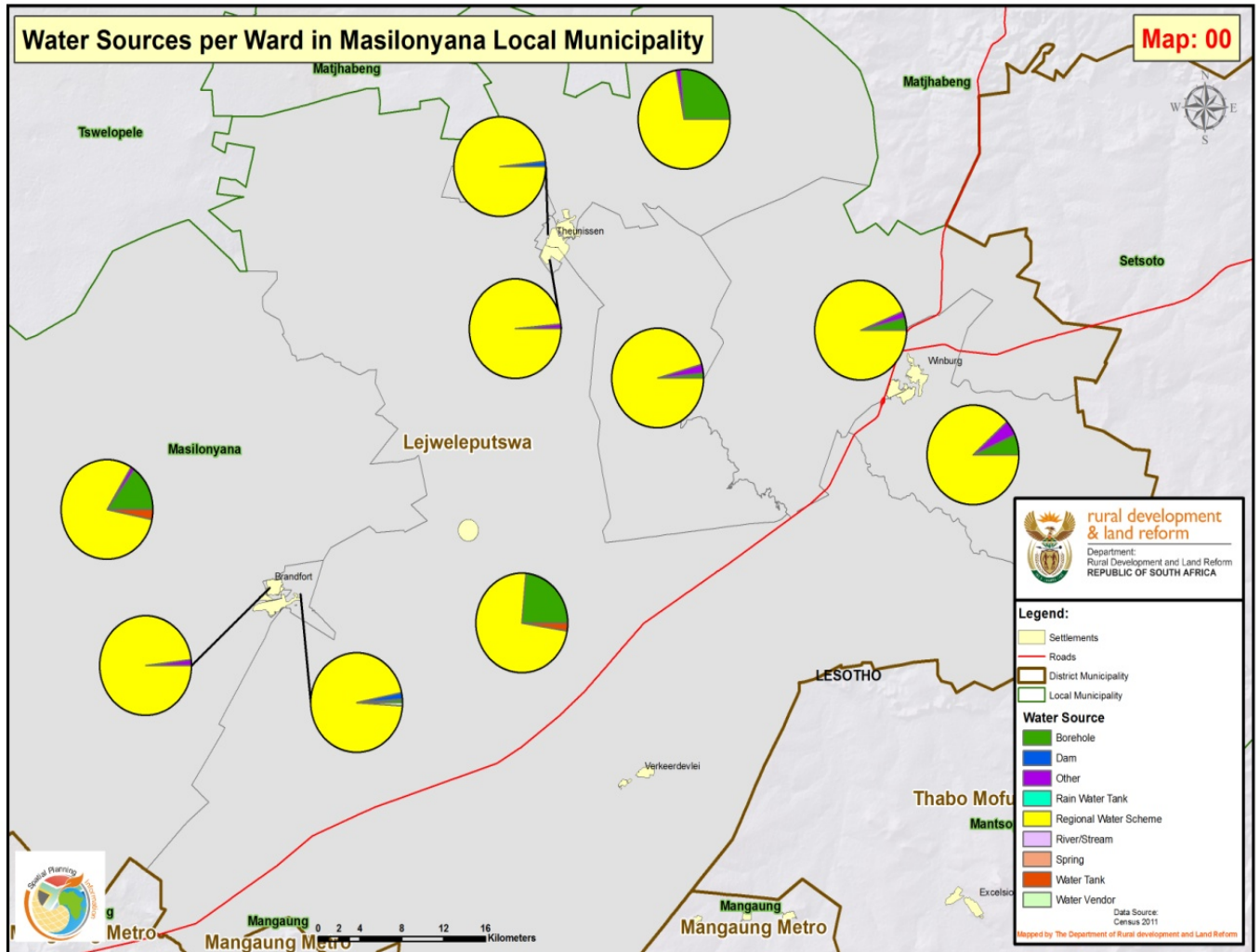
The Brandfort water treatment plant phase 1 had been upgraded. A business plan for phase 2 has been submitted to MIG for funding.

DWA had supported the municipality with R6 million for the upgrading of Brandfort bulk water pipe line and the Winburg bore holes projects.

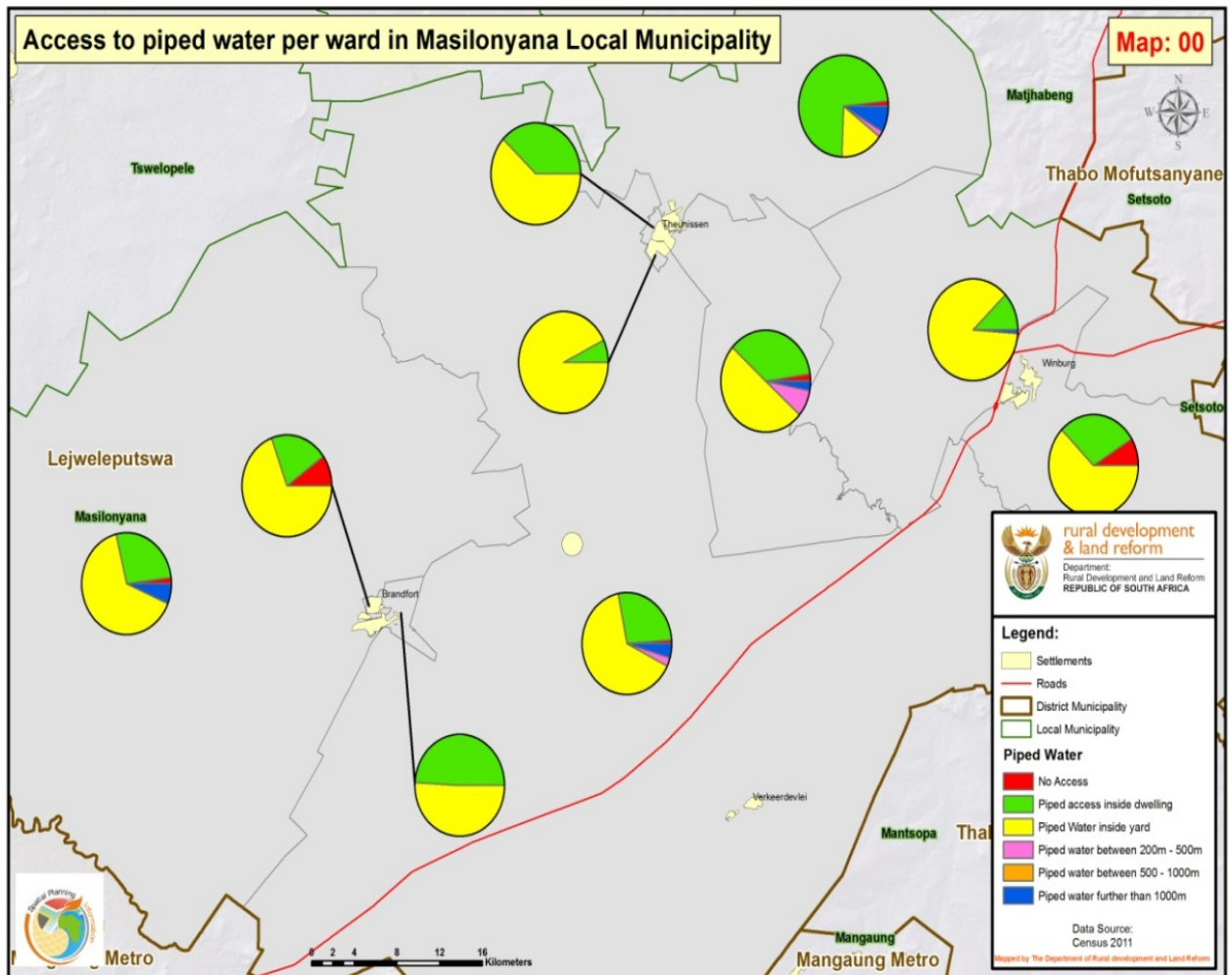
BLUE AND GREEN DROP

The municipality performed badly and a budget had been put aside to correct this situation. The municipality continues to perform below set standards as per the Department of Water Affairs requirement.

Water sources in municipality



Access to piped water in the municipality



TOTAL USE OF WATER BY SECTOR

Total Use of Water by Sector(cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccounted Water Losses
2011/12	2011/12	0	0	0	15,456.00
2012/13	2012/13	0	0	0	15,456.00
2013/14					

It still remain a challenge for the municipality to measure consumption by sector, however we were able to measure our losses which is an improvement compared to the previous financial year.

WATER SERVICE DELIVERY LEVELS

Water Service Delivery Levels			
Description	Households		
	2011/12 Actual No.	2012/13 Actual No.	2013/14 Actual No.
<u>Water:(above min level)</u>			
-Piped water inside dwelling			
-Piped water inside yard(but not indwelling)			
-Using public tap(within200mfromdwelling)			
- Other water supply(within200m)			
Minimum Service Level and Above sub-total			
Minimum Service Level and Above Percentage			
<u>Water:(below min level)</u>			
-Using public tap(more than200m from dwelling)			
-Other water supply (morethan200mfromdwelling)			
-No water supply			
Below Minimum Service Level sub-total.			
Below Minimum Service Level Percentage			
Total number of households*			



WATER SERVICE OBJECTIVES TAKEN FROM IDP/SDBIP

Key Performance Indicators	Baseline: 2013/14	Annual target: 2013/14	Actual performance: 30 June 2014	Reasons for non-or under-performance	Corrective measures taken or to be taken
Functional water treatment works to ensure quality potable water daily,	Drinking water below RDP STD	Ensure provision of quality drinking water above RDP STD daily	Submit water samples to a credible laboratory on a weekly basis. Appointed contractor to assist with water infrastructure development	Limited financial resources	Reprioritised the 2014/15 budget & appointed senior project technician
Reduce distribution losses from the current position quarterly,	Old asbestos water pipes Old meters & leaking HH taps & pipes	Replaced asbestos water pipe network by the end of 2016/17 Financial Year, Conduct bi-annually save water campaigns,	Compiled an analysis report	Limited financial resources	
Install functional Isolation valves at all water network annually	Old water network & isolation valves	Conduct a scan to identify gaps & develop an analysis report quarterly. Develop a business plan by end December 2013.	Compiled an analysis report, In the process of developing business plan	Limited financial resources	Reprioritised the budget to prioritise water

EMPLOYEES- WATER SERVICES

EMPLOYEES- WATER SERVICES					
Job Level	2012/13 Employees No.	Post No	2013/14 Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total Costs) %
0-3		64	18		
4-6		42	22		
7-9					
10-12		12	5		
13-15		0	0		
16-18		0	0		
19-20		0	0		
Total			45		

FINANCIAL PERFORMANCE- WATER SERVICES

Financial Performance Year 1: Water Services					
					R'000
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	15 760			54 729 196	
Expenditure:					
Employees	2 132			9 121 370	
Repairs and Maintenance	1 955 226			5 381 947	
Other	111282			46 286 357	
Total Operational Expenditure	1 957 469			22 946 157	
Net Operational Expenditure	1 941 709				
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

3.2 WASTE WATER (SANITATION) PROVISION

SANITATION SERVICE DELIVERY LEVELS

Sanitation Service Delivery				
Description	*Households			
	2010/11 Outcome No.	2011/12 Outcome No.	2012/13 Actual No.	2013/14 Actual No.
<u>Sanitation/sewerage:(above minimum level)</u>				
Flush toilet (connected to sewerage)	12051	14858	14 498	14498
Flush toilet (with septic tank)	40	40	40	40
Chemical toilet				
Pit toilet(ventilated)				
Other toilet provisions(above min. service level)				
<i>Minimum Service Level and Above sub-total</i>	12091	14898	14 538	14538
<i>Minimum Service Level and Above Percentage</i>	71%	85%	82%	82
<u>Sanitation/sewerage:(below minimum level)</u>				
Bucket toilet	4870	2650	3010	3010
Other toilet provisions(below min. service level)				
No toilet provisions				
<i>Below Minimum Service Level sub-total</i>	4870	2650	3010	3010
<i>Below Minimum Service Level Percentage</i>	29%	15%	18%	18%
Total	16961	17548	17 548	17548
*Total number of households including informal settlements				

HOUSE HOLDS- SANITATION DELIVERY LEVELS BELOW THE MINIMUM

Households - Sanitation Service Delivery Levels below the minimum						
Description	2012/13			2013/14		
	Original Budget No.	Original Budget No.	Original Budget No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households			17548			17548
Households below minimum service level			3010			3010
Proportion of households below minimum service level			18%			18%
Informal Settlements						
Total households						
Households below minimum service level						
Proportion of households below minimum service level						
						T3.2.4

The municipality does not provide sanitation services to informal settlements



SANITATOIN POLICY SERVICESOBJECTIVES TAKEN FORMIDP/SDBIP

Key Performance Indicators	Baseline: 2013/14	Annual target: 2013/14	Actual performance: 30 June 2014	Reasons for non-or under-performance	Corrective measures taken or to be taken
Finalize planning and designs of the WWTW by end June 2014	Overloaded WWTW	Develop & Submit Business Plan end June 2014	Registered project & conclude tender process		
Eradicate bucket system by installing 2265 Flushing toilets in 2014/15 financial year	Eradicate bucket system	Develop & Submit Business Plan end June 2014	Registered project & concluded tender process		
Eradicate bucket system by installing 400 Flushing toilets in 2014/15 financial year	Eradicate bucket system	Develop & Submit Business Plan end June 2014	Registered project & conclude tender process		

EMPLOYEE SANITATION SERVICES

Job Level	2012/13 Employees No.	Post No	2013/14 Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total Costs) %
0-3	44	76	45	37	
4-6	18	42	24	18	
43	0	0			
7-9	6	15		4	
10-12					
15					
13-15					
16-18					
19-20					
Total				59	

CAPITAL EXPENDITURE – SANITATION SERVICES

Capital Expenditure 2013/14: Sanitation Services					
	2013/14				
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

Note: Recent legislation includes the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006.

The electricity supply is covered in most households and only two towns, 190 households in Winburg (150) and Soutpan (40). There is a shortage of supply to the households in farms

Due to safety issues basic electricity is only provided to indigent households in formal townships but is not provided to informal settlements/households. Although access to free basic services in respect of electricity appears low, the statistic included relates only to conventional meters. Free basic issues are made through our prepaid system. Approximately all tokens are issued each month in respect of the 100kWh electricity.

ELECTRICITY SERVICE DELIVERY LEVELS

Electricity Service Delivery				
Description	Households			
	2010/11 Outcome No.	2011/12 Outcome No.	2012/13 Actual No.	2013/14 Actual No.
<u>Energy:</u> (above minimum level)				
Electricity (at least min. service level)	12051	17358	16365	16365
Electricity-prepaid(min. service level)	-		-	-
<i>Minimum Service Level and Above sub-total</i>	12051	17358	16365	16365
<i>Minimum Service Level and Above</i>	71%	98%	93%	93%
<u>Energy:</u> (below minimum level)				
Electricity(<min. service level)	4870	190	1183	1183
Electricity-prepaid (<min. service level)			-	-
Other energy sources				
<i>Below Minimum Service Level sub-total</i>	4870	190		
<i>Below Minimum Service Level Percentage</i>				
Total number of households	16961	17548	17548	17548

There municipality does not supply prepaid electricity services

HOUSEHOLDS- ELECTRICITY SERVICE LEVELS BELOW THE MINIMUM

Households- Electricity Service Delivery Levels below the minimum						
Description	2012/13			Households 2013/14		
	Original Budget No.	Adjusted Budget No.	Original Budget No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	-	-	17548	-	-	17548
Households below minimum service level			1183			1183
Proportion of households below minimum service	-	-		-	-	
Informal Settlements	0%	0%	0%	0%	0%	7%
Total households						
Households below. Minimum service level						
Proportion of households below minimum service level						

The municipality does not supply electricity to Informal settlements

ELECTRICITY SERVICE POLICY OBJECTIVES TAKEN FROM IDP/SDBIP

Key Performance indicators	Baseline: 2013/14	Annual target: 2013/14	Actual performance: 30 June 2014	Reasons for non-or under-performance	Corrective measures taken or to be taken
Maintain street lighting for all towns within MLM on a monthly basis	Dysfunctional street lights	Installation of High-mast lights for all the five towns	Electricity current capacity analysis report is compiled & we are in the process of concluding business plans	Limited financial resources	Business plan will be developed coming financial year
Ensure Electricity supply to formal households daily	Electricity backlogs & shedding	Supply electricity to all HH's daily & increase current capacity	All formal HH's are provided with electricity daily		
Increase current electricity capacity by the end of the financial year	Stretched or strained electricity capacity	Increase current electricity capacity to reduce load shedding quarterly	Submitted an Application to DOE		

FINANCIAL PERFORMANCE – ELECTRICITY SERVICES

Financial performance : Housing Services					
	2012/13	2013/14			
Details	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	8027			38 250 274	
Expenditure:					
Employees	44963			558 791	
Repairs and Maintenance	4842			887 509	
Other	23045			27 845 599	
Total Operational Expenditure	72850			29 291 900	
Net Operational Expenditure	-64823				

CAPITAL EXPENDITURE–ELECTRICITY SERVICES

Capital Expenditure 2013/14: Electricity Services					
2013/14					
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
TOTAL					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)					



3.4 WASTE MANAGEMENT (THIS SECTION INCLUDES: REFUSE COLLECTION, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

- Household waste was collected each week in different sections of municipal residential areas in all units
- Illegal dumping sites were cleared, however the program was not fully implemented due to the shortage of TLBs
- Compacting of land fill sites was done twice during the year
- Food for waste programme (EPWP) was implemented in all units and it is assisting in terms of waste management

Challenges

- Non-existence of yellow fleet compromised service delivery
- Repairs and maintenance of fleet also put strain on services since we do not have a qualified mechanic on site to address our mechanical problems
- Illegal dumping on municipal sites
- Fencing and regulation of landfill sites due to limited human resource capacity.

WASTE MANAGEMENT SERVICE DELIVERY LEVELS

Waste Management Service Delivery Level				
Description	2011 Actual No.	2012 Actual No.	2013 Actual No	2014 Actual No
Solid Waste Removal:(Minimum level) Removed atleast once a week <i>Minimum Service Level and Above sub-total</i> <i>Minimum Service Level and Above percentage</i>		8839	15391	15884
		8839	15391	15884
		50.3%	87.6%	95 % Because of shortages of fuel during the year it is not 100%
Solid Waste Removal:(Below minimum level) Removed less frequently than once a week Using communal refuse dump Using own refuse dump Other rubbish disposal No rubbish disposal Below Minimum Service Level sub-total Below Minimum Service Level Total number of households		1 0716 270	1 6005500	1%
		8736	2	15884
		49.7%	12.4%	10%
		17575	17575	15884





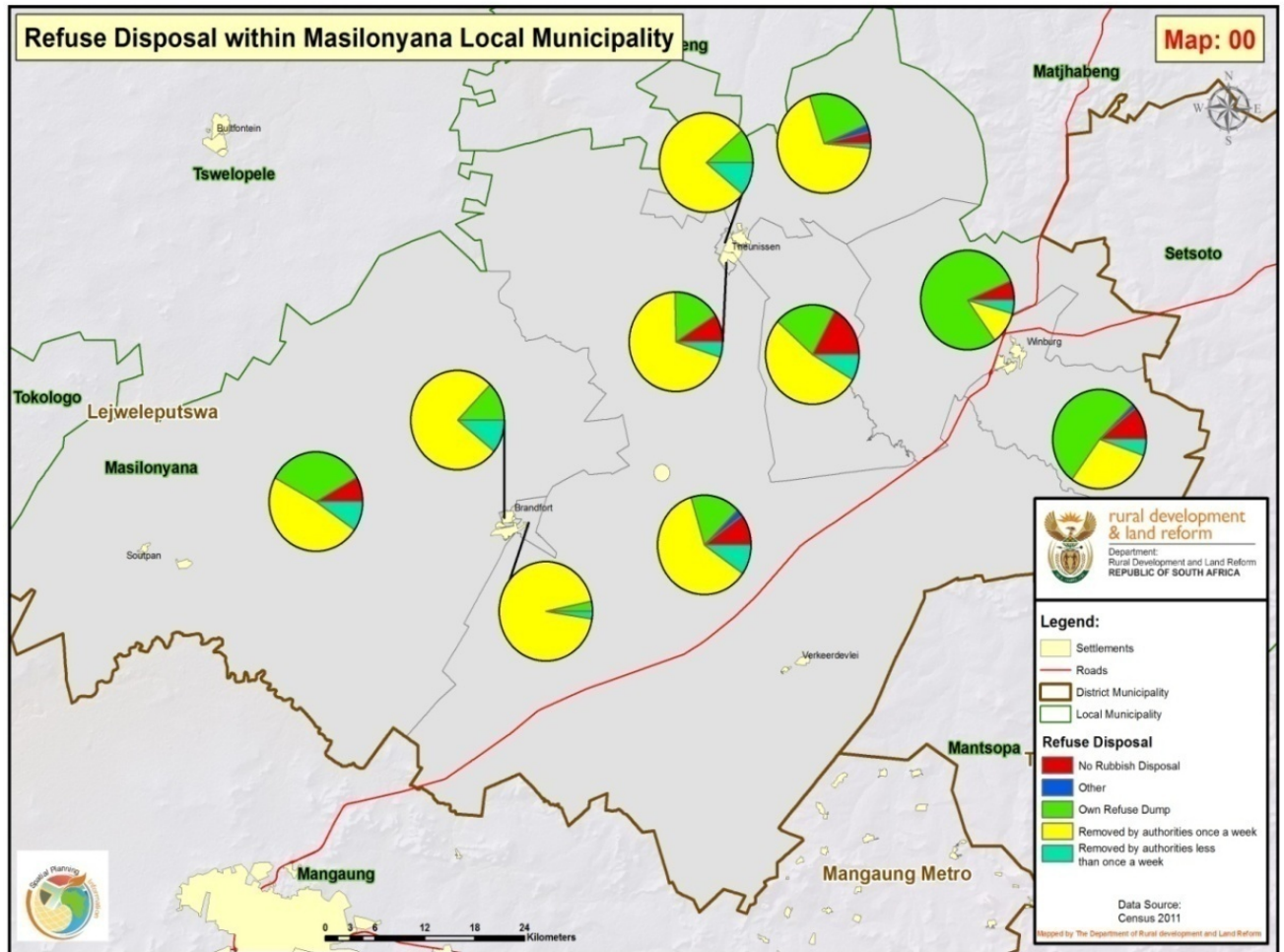
WASTE MANAGEMENT SERVICE POLICY OBJECTIVES TAKEN FROM IDP/SDBIP

Key Performance indicators	Baseline: 2013/14	Annual target: 2013/14	Actual performance: 30 June 2014	Reasons for non-or under-performance	Corrective measures taken or to be taken
Improve current waste management capacity annually	Unregistered landfill sites	Register all municipal land fill sites within MLM by 2016/17	<p>EPIP funding allocated approved on to upgrade Masilo and Winburg landfill sites to the amount of 7 million rands for each site. Will be phased in during the 14/15 financial year</p> <p>Funding through MISA were made available to licence landfill site that were not licenced – Ikgomotseng, Verkeerdevlei and Brandfort</p>	<p>Funding only available during the 14/15 financial year</p> <p>Funding made available during January 2014. Joint project with DETEA, MISA</p>	<p>Funds were allocated. Applications through MIG by Technical were also submitted but were allocated in future financial years to come</p> <p>Progress of Consultant was slow but was addressed during a meeting.</p>
Ensure weekly refuse collection to all HH	All HH	Develop operational plan by September 2013	100 % collection of refuse to all HH including informal HH	Service Providers of fuel not paid in time.	Treasury Department requested to pay Service Provider on time to ensure there is no interruption in service delivery

Employees–Waste Management Services

2013/14			2013/14		
Job Level	Employees	Posts	Employees	Vacancies (Full time Equivalents)	Vacancies(as a % of total post)
	No.	No.	No.	No.	%
0 – 3	38	72	65		
4 – 6	14	24	24		
7 – 9	0	0			
10-12			2		
13 -15	2	5	2		
16 – 18					
19 – 20					
Total			93		

Refuse disposal within the municipality



FINANCIAL PERFORMANCE–WASTE MANAGEMENT SERVICES

Financial performance : Waste Management Service					
	2012/13	2013/14			
Details	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	8,446,778			43 792 055	
Expenditure:					
Employees	3,420,494			9 532 221	
Repairs and Maintenance	183,144			0	
Other	3,790,146			268 305	
Total Operational Expenditure	7,393,784			8 522 357	
Net Operational Expenditure	1,052,994				

CAPITALEXPENDITURE–WASTE MANAGEMENT SERVICES

Capital Expenditure 2013/14: Waste Management Services					
	2013/14				
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)					

3.5 HOUSING

INTRODUCTION TO HOUSING

Allocation of housing is the mandate of the Provincial Department of Human Settlement; the municipality is responsible for the beneficiary management, we currently have eight thousand two hundred and twenty three (8223) beneficiaries on the waiting list.

PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC HOUSING

Percentage of households with access to basic housing			
Yearend	Total households (including formal and informal settlements)	Households informal settlements	Percentage of HHs informal
2009/10			
2010/11			
2011/12	15391	14214	92%
2012/13	15391	1177	92%
2013/14	15391	1154	

HOUSING BACKLOGS

Serviced number of sites available	Housing demand waiting list		Formal / informal settle	Number of even needed for township establishment	Allocation needed over 3 years period per town		
					2011/12	2012/13	2013/14
THEUNISSEN	38	1450	0	2000	0	750	1450
BRANDFORT	1	1200	(784) shacks	1500	0	750	1200
WINBURG	108	213	(180) shacks in township *	1000	0	500	1213
SOUTPAN	0	45	(56) SHACKS	100	0	50	100

Although the Municipality has continued to provide housing opportunities to the people, it must be mentioned that the number of people who qualify for housing subsidy, is growing on daily basis, especially because people continue to migrate to areas within the municipal jurisdiction in search of employment opportunities.

HOUSING SERVICE POLICY OBJECTIVES TAKEN FROM IDP/SDBIP

Key Performance indicators	Baseline: 2013/14	Annual target: 2013/14	Actual performance: 30 June 2014	Reasons for non-or under-performance	Corrective measures taken or to be taken
Ensure provision of housing to all registered beneficiaries annually	Informal settlements	Facilitate provision of housing to all beneficiaries monthly	Service provider for township establishment has been appointed for Verkeerdevlei, Soutpan and Windburg	He municipality s only paying the facilitating role	
			Beneficiary database is updated on a quarterly basis		
			Beneficiary database was submitted to the provincial CoGTA		

EMPLOYEES-HOUSING SERVICES

2012/13			2013/14		
Job Level	Employee s	Posts	Employees	Vacancies (Full time Equivalents)	Vacancies(as a % of total post)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	
4 – 6	3	6	3	3	50%
7 – 9	1	1	1	0	0%
13 -15	1	2	1	0	0%
16 – 18	1	1	1	0	0%
19 – 20					
TOTAL					

FINANCIAL PERFORMANCE-HOUSING SERVICES

Financial performance : Housing Services					
	2012/13	2013/14			
Details	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	268712				
Expenditure:					
Employees	51550				
Repairs and Maintenance	13624				
Other	13624				
Total Operational Expenditure	78797				
Net Operational Expenditure	189914.46				

CAPITAL EXPENDITURE-HOUSING SERVICES

Capital Expenditure 2013/14: Housing Services					
	2013/14				
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value

There was no capital expenditure for the financial year under review due to no housing allocations for Masilonyana from the Provincial Department responsible for local government.



3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION FREE BASIC SERVICES AND INDIGENT SUPPORT

The social package assists households that are poor or face other circumstances that limit their ability to pay for services.

To receive these free services the households are required to register in terms of the Municipality's Indigent Policy.

A summary of the free basic services package is set out below:

- All registered indigents, including consumers in the rural areas, will receive 50kWh of electricity per month fully subsidized.
- All registered indigents will receive 10 kilo-liters of water per month fully subsidized.
- All registered indigent shall be fully subsidized for refuse removal.
- All registered indigents shall be fully subsidized for sewerage.
- All registered indigents shall be fully subsidized for the payment of property rates.
- In the event of the death of a member of an indigent household, the municipality may exempt the household from the cost of digging and preparation of a grave, provided that the burial takes place in a municipal cemetery.
- All registered indigents shall be fully subsidized for the payment of site rental.

The cost of the social package of their registered indigent households is financed by National Government through the local government equitable share received in terms of the annual Division of Revenue Act.



FREE BASIC SERVICES AND INDIGENT SUPPORT POLICY OBJECTIVES TAKEN FROM IDP/SDBIP

Key Performance indicators	Baseline: 2013/14	Annual target: 2013/14	Actual performance: 30 June 2014	Reasons for non-or under-performance	Corrective measures taken or to be taken
Update indigent register monthly	Few indigents registered	Register 80% of municipal indigents by the end 2013/14	40% registered	Lack of human resource to update data & reach the set target	Engagements with cdw's to assist with registration & update data
Ensure equitable access of municipal services by registered indigents monthly	There are discrepancies	Ensure 100% access of all registered indigents	70%	Corrupted data	Engagements with cdw's to assist with indigents data purification

COMPONENT B: ROAD TRANSPORT

3.7 ROADS

The core function of the unit includes:

- Graveling and scraping of the unpaved Roads.
- Construction and Rehabilitation of Roads.
- Installing and upgrading of storm water.
- Road maintenance in general.

The main challenges faced are the aged infrastructure and the inadequate budget for both capital projects and the maintenance of existing infrastructure. The objectives of the Roads Storm Water function are the construction and rehabilitation of roads, repair of potholes and storm water management. The main challenge faced in the implementation of this function is insufficient budget provision for capital projects. This creates a situation where roads that should be stripped and reconstructed are repaired and rehabilitated whereas they have exceeded their useful life. This results in high maintenance costs, which result in added pressure on an already limited maintenance budget.

GRAVEL ROAD INFRASTRUCTURE

Gravel Road				
	Total gravel roads	New gravel roads	Gravel roads upgraded	Kilometres Gravel roads graded/maintained
2010/11	142,51	0	0	0.2
2011/12	134,91	0	7,6	0.1
2012/13	131,9	0	0	3
2013/14	79.174	0	0	0

TARRED ROAD INFRASTRUCTURE

Tarred Road					
	Total tarred roads	New tar roads	Existing tar roads-	Existing tar roads	Kilometre Tar roads
2010/11	66,66	7,6	0	0	0
2011/12	69,66	3,0	0	0	3
2012/13	59,05	0	0	0	3
2013/14	59.827	0	59.827	59.827	59.827

COST OF CONSTRUCTION/MAINTENANCE

Cost of Construction/Maintenance						
		Grave		Tar		
	New	Gravel-Tar	Maintained	New	Re-worked	Maintained
2010/11	0	0	12 591 00	11 000 000	0	0
2011/12	0	0	4 970 00	15 000 000	0	500 000
2012/13	0	0	4 518 00	0	0	500 000
2013/14	51	13	19 000 00	54 000 000	30 000 000	18 000 000



ROADS SERVICES POLICY OBJECTIVES TAKEN FROM IDP/SDBIP

Key Performance indicators	Baseline: 2013/14	Annual target: 2013/14	Actual performance: 30 June 2014	Reasons for non-or under-performance	Corrective measures taken or to be taken
Maintain municipal roads on a monthly basis	Potholes on major roads	Reseal all potholes on major roads quarterly	Implemented EPWP to patch potholes	Limited financial resources	Compiled close-out report
Develop new roads to increase current capacity by the end of the FY	Un-gravelled roads	Construction of residential distributor roads & storm-water in informal settlements annually	1km tarred	Limited financial resources	

EMPLOYEE ROAD SERVICES

Employees: Roads Service					
2012/13			2013/14		
Job Level	Employees	Posts	Employees	Vacancies (Full time Equivalents)	Vacancies(as a % of total post)
	No	No	NO	No	
0 - 3	20	76	14		
4 - 6	10	24	9		
7 - 9	0	3			
10-12			2		
13 -15	4	5			
16 - 18					
19 - 20					
Total			25		

FINANCIAL PREFORMANCE -ROAD SERVICES

Financial performance 2013/14: Roads Services					
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees	9,302,938				
Repairs and Maintenance	1,426,075				
Other	6,209,738				
Total Operational Expenditure	16,938,72				
Net Operational Expenditure	16,938,2				

CAPITAL EXPENDITURE 2012/13: ROADS SERVICES

Capital Expenditure 2013/14 Sanitation Services					
R' 000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

This function is not performed by Masilonyana Local Municipality.

3.9 WASTE WATER (STORM WATER DRAINAGE)

The main purpose of the storm-water management function in the Randfontein Local Municipality is to mitigate flooding and increase the lifespan of the road infrastructure. The main focus areas are:

- Cleaning of the storm-water pipes;
- Replacing broken pipes and kerb inlets;
- Installing new storm-water systems, construction of open channels and sub-soil drains;
- Construction of gabions.

The road network is not very good and the municipality prioritise the projects to address the water and sanitation due to the high backlog. R8 million projects had been implemented in Soutpan and, Verkeerde Vlei and another one was implemented in Winburg to address the road and storm water challenges

Storm water Infrastructure				Kilometre
	Storm Water Measures	New Storm Water Measures	Storm Water Measures Upgraded	Storm Water Measures Maintained
2010/11	129 km	0	0	5km
2011/12	129 km	0	3 km	20km
2012/13	131 km	0	0	10km
2013/14	131 km	0	0	10km

Cost of Construction/Maintenance			
Storm Water Measures			
	New	Upgraded	Maintained
2010/11	1700000	700000	3300000
2011/12	1900000	900000	420000
2012/13	-	-	300 000
2013/14	31000000	18000000	9000000

STORM WATER SERVICE POLICY OBJECTIVES TAKEN FROM IDP/SDBIP

Key Performance Indicators	Baseline: 2013/14	Annual target: 2013/14	Actual performance: 30 June 2014	Reasons for non-or under-performance	Corrective measures taken or to be taken
Ensure functional storm water drainage system monthly	Mostly blocked system by waste & mud	Ensure that R3,188,007 is spent to improve the system and increase current capacity	The project is completed	Poor workmanship due to poor monitoring EPWP	Appoint a sub-contractor with capacity to train our labour

EMPLOYEES- STORM WATER SERVICES

Employees- Storm Water Services					
Job Level	2012/13 Employees No.	Post No	2013/14 Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total Costs) %
0-3	19	71	14		
4-6	19	29	10		
7-9					
10-12	6	10	4		
13-15					
16-18					
19-20					
Total			28		

FINANCIAL PERFORMANCE: STORM WATER SERVICE

Financial performance : Storm Water Service				
	2013/14			
Details	Actual	Original Budget	Adjustment Budget	Variance to Budget
Total Operational Revenue:				
Expenditure:				
Employees				
Repairs and Maintenance				
Other				
Total Operational Expenditure				
Net Operational Expenditure				

Capital Expenditure: Storm Water Services

Capital Expenditure 2013/14: Storm Water Services					
2013/14					
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					

COMPONENT C: PLANNING AND DEVELOPMENT

3.10 PLANNING

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Rezoning	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
Planning application received	0		1		40	0
Determination made in year of receipt	0		0		32	0
Determination made in following year	0		0		17	0
Applications withdrawn	0		0		0	0
Applications outstanding at year end	0		1		17	0



PLANNING OBJECTIVES TAKEN FROM IDP/SDBIP

Key performance indicators	Baseline:	Annual target: 2013/14	Actual performance: 30 June 2014	Reasons for non-or under-performance	Corrective measures taken or to be taken
Review integrated development plan & budget by end July 2013	2012/13 IDP	Develop process plan & draft IDP & budget as per budget timelines	2014/15 IDP was developed & approved by council		
		Ensure that 2014/14 budget & IDP approved by council in an ordinary council setting as per legislative requirements	2014/15 budget approved by council in an ordinary council setting		
		Ensure public participation by all communities within the jurisdiction of MLM	Public was notified & requested to submit verbal or written representation		
Review service delivery budget implementation plan as per legislative requirements	2012/13 SDBIP	Submit SDBIP to the mayor 14 days after approval of IDP & Budget approval	Submitted to the mayor for consideration & tabling before council.		
Review the Spatial Development Framework by end July 2013	2012/13 SDF	Develop SDF and source public view on the reviewed SDF by end March 2013	In the process of review the current SDF	Limited financial & human resources	The municipality is in the process of outsourcing the service/function

EMPLOYEE SERVICES- PLANNING SERVICES

Employees-Planning Services					
Job Level	2012/13 Employees No.	Post No	2013/14 Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total Costs) %
0-3					
4-6		1			
7-9					
10-12		1	1		
13-15	2	1	1		
16-18					
19-20					
Total			2		

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component encompasses: libraries; community halls; cemeteries; special programmes,

3.11 LIBRARIES

SERVICE STATISTICS FOR LIBRARIES:

	Membership
2010/11	24 995
2011/12	25 044
2012/13	25 166
2013/14	14 475

Employee-Libraries

Employees- Libraries Services					
Job Level	2012/13 Employees No.	Post No	2013/14 Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total Costs) %
0-3	4	6			
4-6					
7-9	5	10			
10-12					
13-15					
16-18					
19-20					
Total					

FINANCIAL PERFORMANCE _LIBRARY SERVICES

Financial performance 2013/14: Library Services					
	2012/13	2013/14			
Details	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees	1 955 225				
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					

CAPITAL EXPENDITURE-LIBRARY SERVICES

Capital Expenditure 2013/14: Library Services					
	2013/14				
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)					

3.12 CEMETORIES AND CREMATORIUMS

NUMBER OF CEMETERIES

NUMBER OF CEMETERIES	
	NUMBER
THEUNISSEN	6
WNDBURG	6
BRANDFORT	5
VERKEERDEVLEI	3
SOUTPAN	3
TOTAL	23

NUMBER OF GRAVES OPENED DURING 2013/14

NUMBER OF CEMETERIES OPENED DURING THE 2013/14	
	NUMBER
THEUNISSEN	257
WNDBURG	197
BRANDFORT	74
VERKEERDEVLEI	36
SOUTPAN	26
TOTAL	590

EMPLOYEES- CEMETERIES SERVICES

Employees- Cemeteries Services					
Job Level	2012/13 Employees No.	Post No	2013/14 Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total Costs) %
0-3	1	10	2		
4-6	6	15	6		
7-9			0		
10-12	2				
13-15					
16-18					
19-20					
Total	9	15	8		

COMPONENT D: ENVIRONMENTAL PROTECTION

3.13 BIO-DIVERSITY: LANDSCAPE

This function is not performed by Masilonyana Local Municipality

COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

3.14 CLINICS

The municipality does not perform this function any more.

3.15 AMBULANCE SERVICES

The municipality does not perform this function.

3.16 HEALTH INSPECTION; FOOD AND ABATTOIR LICENSING AND INSPECTION

The municipality does not perform this function it's a district function.

COMPONENT G: SECURITY AND SAFETY

This component includes only traffic police, fire and disaster management, functions are performed by the District.

3.17 MUNICIPAL LAW ENFORCEMENT

Law Enforcement Service Data

Traffic Police Service Data				
	2011/12		2012/13	2013/14
	Estimate No.	Actual No.	Actual No.	Actual No.
Number of road traffic accidents during the year	8	2	2	2
Number of by-law infringements attended	5	1	1	1
Number of police officers in the field on an average day	1	1	1	1
Number of police officers on duty on an average day		1	1	1

EMPLOYEES-MUNICIPAL LAW ENFORCEMENT

Employees-Law Enforcement Services					
Job Level	2012/13 Employees No.	Post No	2013/14 Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total Costs) %
0-3	5	2			
4-6		46			
7-9		6			
10-12		3			
13-15					
16-18					
19-20					
Total					



COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

INTRODUCTION TO CORPORATE POLICY OFFICES

EXECUTIVE AND COUNCIL

This component includes:

Executive office (mayor; councillors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

The executive is established in terms of chapter 4 of the Internal Structures and Functionaries (ss 42-82) and Part 1 of Executive Committees (ss 42-53) of the Local Government Municipal Structures Act 117 of 1998. An Act which regulates the establishment of an executive with regards to certain types of municipalities. It is composed of 8 (eight) members of the Mayoral committee each member of the committee chairs a section 80 committee. Refer to Appendices A.

The duty of the Executive is to assist the executive Mayor in the execution of her duties and also to attend to responsibilities assigned to them by the Executive Mayor.

The municipal Council is established in terms of Section 157 (1) of the Constitution and Section 22 (1) of the Local Government Municipal Systems Act. Which stipulates that council of the Metropolitan or Local consists of councillors elected in accordance with schedule 1? It is composed of the Speaker of council who presides at meetings of the council and must ensure that council meets at least quarterly, the Chief Whip who is appointed by council and has to ensure that councillors attend to their

Duties and account to their constituencies and gives political management of council meetings and councillors elected in terms of schedule 1.

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

Councillors attend to different initiatives as per their programmes or those emanating from both National or Provincial spheres of government. Programmes differ from health, education environment, local economic development etc. through Private Partnerships; a few projects have been established with a view of fighting poverty and bettering the lives of our people.

Employee: Executive and Council

Employees: The Executive and Council					
Job Level	2012/13 Employees No.	Post No	2013/14 Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total Costs) %
0-3	0				
4-6	2		5		
7-9	5		2		
10-12	5		7		
13-15	2		3		
16-18					
19-20					
Total	14		17		

Financial Performance

Financial performance Year 2013/14: The Executive Council					
	2012/13	2013/14			
Details	Actual	Actual	Original Budget	Adjustment Budget	Variance to Budget
Total Operational Revenue:	41 032 500				
Expenditure:					
Employees	4 407 754				
Repairs and Maintenance	-				-
Other	5 852 292				
Total Operational Expenditure	10260046				
Net Operational Expenditure	30772454				

Capital Expenditure Year 2013/14: The Executive Council					
2013/14					
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					

3.25 Financial Services

Debt Recovery							
Details of the types of account raised and recovered	2012		2013			2014	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	1291991			5 948 186	60.91 %		
Water-B				5 097 935			
Water-C	12,831,64			3 811 028	51.11 %		
Electricity-B	16 472834			1 481 316			
Electricity-C				10 326 268			
Sanitation	12,949,621			9 656 620			
Refuse	6,358,152			4 623 471			
Other							
B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.							



Financial Service Policy Objectives Taken From IDP

Key Performance Indicators	Baseline: 2013/14	Annual target: 2013/14	Actual performance: 30 June 2014	Reasons for non-or under-performance	Corrective measures taken or to be taken
Enhance revenue by 20% from the current base of 30% by the end of the FY	30%	Develop revenue enhancement strategy by Nov 2013	There was only 10% increase realised	No strategy in place	The new CFO is developing the strategy
Ensure compliance to GRAP 17 at the end of FY	Manual Asset Register	Ensure that municipal asset register is updated monthly	Electronic Asset register developed		
Ensure that financial policies are compliant with relevant legislative framework & adopted by Council & implemented accordingly monthly	Review financial policies	Review financial policies to ensure controls & compliance annually	40%	Limited municipal policy frameworks	Policies review and updated to ensure compliance
Expenditure management as per the requirements of the MFMA on a monthly basis	Review financial policies	Review financial policies to ensure compliance with regulatory frameworks by end July 2013	The CFO is in the process of developing controls	Poor internal controls & out dated financial information systems	Establishment of a server & replace pastel
% of existing accounts screened and rectified(data cleansing/purification)	Corrupted data	Ensure accurate billing on a monthly basis	Inaccurate billing	Lack of financial & human resource capacity	The municipality in discussions with treasure

Employees: Financial Services

Employees: Financial Services					
Job Level	2012/13 Employees No.	Post No	2013/14 Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total Costs) %
0-3	4		4		
4-6	16		14		
7-9	0				
10-12	10		7		
13-15	2		4		
16-18					
19-20			1		
Total	32		30		

Financial Performance: Financial Services

Financial performance 2013/14: Financial Services					
Details	2012/13 Actual	2013/14			
		Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	15 055 986				
Expenditure:					
Employees	6 122 490				
Repairs and Maintenance	199 674				
Other	11 340 926				
Total Operational Expenditure	17663090				
Net Operational Expenditure	-2607104 -				

3.26 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This section encompassed information and technology services

Introduction to Information and Communication services

The Current IT environment is as follows:

- BUSINESS APPLICATIONS

Business Application			
Application	O/S	Vendor	Users
Pastel Evolution	Microsoft Operating system	Sage Pastel	27
Pay Day	Microsoft Operating system	Pay Day	3
Database	SQL 2008	Municipality	1
Municipal Billing	Microsoft Operating system	Sage Pastel	27

- **INFRASTRUCTURE (SERVER/LAN/WAN)**

SERVER/LAN/WAN	LOCATION	O/S	Application
IBM Server	Finance	Win Server 2008 std	Pastel Evolution Municipal Billing Terminal services Microsoft SQL 2008 MS Office 2003 Kaspersky antivirus Fingerprint access control software
HP Server	Municipal Manager's Office	Win Server 2008 r2	Kaspersky antivirus Fingerprint access control software
Cable and wireless LAN/WAN	Finance	Microsoft Windows	Kaspersky antivirus MS Office 2007/10/13
Wireless and cable LAN/WAN	Municipal Manager's Office	Microsoft Windows	Kaspersky antivirus MS Office 2007/10/13
Wireless and Cable LAN/WAN	Commando	Microsoft Windows	Kaspersky antivirus Ms Office 2007/10/13
Cable LAN/WAN	Human Resource	Microsoft Windows	Kaspersky antivirus Ms Office 2007/10/13
Cable LAN/WAN	Housing	Microsoft Windows	Kaspersky antivirus Ms Office 2007/10/13
Wireless and Cable LAN/WAN	Corporate	Microsoft Windows	Kaspersky antivirus Ms Office 2007/10/13
Cable LAN/WAN	Winburg	Microsoft Windows	Kaspersky antivirus MS Office 2007/10/13
Cable LAN/WAN	Brandfort	Microsoft Windows	Kaspersky antivirus
VSAT and cable LAN/WAN	Soutpan	Microsoft Windows	Kaspersky 2012 MM Office 2007/10/13
3G, VSAT and cable LAN/WAN	Verkeerdevlei	Microsoft Windows	Kaspersky antivirus MM Office 2007/10/13

SERVICE STATISTICS FOR ITC SERVICES

THE FOLLOWING ARE SERVICES MADE DURING 2013/14:

- Installation of Software (both servers and workstations = 34)
- Repairs: 15
- Purchases: 9

CHALLENGES INCURRED:

1. ICT is under staff (only 1 person is servicing entire municipality)
2. ICT does not have enough resources (equipment and software)
3. Current network connection (Telkom VPN) is very slow
4. ICT Budget is decentralized
5. Website, Internet and VPN is not paid on time.
6. ICT Policies not yet approved by council


INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES POLICY OBJECTIVE TAKEN FROM IDP

Key Performance indicators	Baseline: 2013/14	Annual target: 2013/14	Actual performance: 30 June 2014	Reasons for non- or under-performance	Corrective measures taken or to be taken
Develop current IT capacity & establish a functional unit	One employee	Ensure a efficient & effective IT unit by end September 2013	Capacitated current human resources	Limited financial resource to recruit competent staff	A consultant will be appointed
Replace & improve the current server		Procure & install new server by end December 2013	A tender is advertised	There were contractual problems	Re-advertised

Employees: Information and Communication Technology (ict) Services

Employees: Information and Communication Technology (ict) Services					
Job Level	2012/13 Employees No.	Post No	2013/14 Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total Costs) %
0-3					
4-6					
7-9					
10-12	1	1	1		
13-15					
16-18					
19-20					
Total	1	1	1		

Financial Performance: Information and Communication Technology (ict) Services

Financial performance Year 2013/14: : Information and Communication Technology (ict) Services					
Details	2012/13	2013/14			
	Actual	Actual	Original Budget	Adjustment Budget	Variance to Budget
Total Operational Revenue:	41 032 500				
Expenditure:					
Employees	4 407 754				
Repairs and Maintenance	-				
Other	5 852 292				
Total Operational Expenditure	10260046				
Net Operational Expenditure	30772454				

Capital Expenditure: Information and Communication Technology (ict) Services

Capital Expenditure Year 2013/14: Financial Services					
Capital Project	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					



3.27 HUMAN RESOURCE SERVICES

Service Policy Objectives Taken From IDP

Key Performance indicators	Annual target: 2012/13	Actual performance: 30 June 2013	Annual target: 2013/14	Actual performance: 30 June 2014	Reasons for non-or under-performance	Corrective measures taken or to be taken
Organisational Structure reviewed & approved by Council	30 August 2012	25%			Lack of human capacity	
PMS developed, approved and implemented	31 December 2012	25%			Lack of human capacity	
HR policies to be reviewed, approved by Council and implemented	8 Policies	8 Policies	21 Policies	21 Policies		
Employment Equity Plan approved by Council	-100%	Submitted to council				
An improved Number of Reports submitted to Council	All report required by legislation	40%			Lack of human capacity	
Skills Development Plan approved by Council	30 August 2012				Lack of human capacity	
Training programmes	4	25%				
Quarterly staff Meetings	4	25%				
Number of Employees	-	-				



Health & Safety Awareness Meetings	4	25%			Lack of human capacity	
Policy approved by Council	1 Policy	-1 Policy				
Workplace Skills Plan and Personal Development Plans	Plan & strategy developed & implemented					
Employment Equity Plan & Report submitted	Plan & Report developed & implemented					

Employees: Human Resource Services

Employees: Human Resource Services					
Job Level	2012/13 Employees No.	Post No	2013/14 Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total Costs) %
0-3					
4-6	3	5	3		
7-9					
10-12	2	5	2		
13-15	0	1	1		
16-18			1		
19-20					
Total	5	11	7		

Financial performance 2013/14: Human Resource Services

Financial performance 2013/14: Human Resource Services					
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					

Capital Expenditure Year 2013/14: Human Resource Services

Capital Expenditure Year 2013/14: Human Resource Services					
Capital Project	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					

Chapter 4

COMPONENT A: ORGANIZATIONAL PERFORMANCE SCORECARD

This chapter gives an account of organizational development performance with reference to the municipal workforce. Attention will be paid to the management of municipal workforce, workforce capacity building and workforce expenditure.

Municipal Workforce

The majority of Masilonyana workforce is mostly dominated by male employees, 90% of employees are African (blacks). No persons with disability were recruited during the financial year under review. The municipality did not also have foreign nationals appointed for 2012/13. The table below gives an account of the municipal workforce.

HUMAN RESOURCE SERVICES

For the last quarter of the 2012/13 financial year the municipality focused on ensuring effective management of available human resources and attraction of competent work force. The Human Resources Management Manual was developed and forwarded for approved by council in 2012/13 in order to ensure proper governance of the workforce. Senior Management Teams were trained on developed policies in order to familiarise the team with the policies. The municipal structure was review and filling of vacant position as identifies in the new structure is also placed at the centre of service delivery by the municipal manager.

Skill Development:

Management team is attending training in various fields with the sole objective of capacity building and skills development, to close identified gaps within different directorates.

Promoting Safe and Healthy Work Environment:

Occupational Health and Safety Risk Assessments were conducted in 2012/13 where efforts to mitigate on all identified risks are unfolding. All employees performing work of the nature that required safety clothing and equipment were provided annually with requirements of safety. Health and Safety Committee which is inclusive of representatives is established and needs to be revitalised to ensure its effective functionality.

Promoting the Wellbeing of all Employees:

Organization wide Employee Wellness Program was approved by council in 2010 as a framework to guide wellness activities continuously.

Management of Labour Relations:

The municipality has made serious strides to ensure that the labour relationship between management and union remain sound. This is witnessed by the lack of strike actions within the municipality. The local Labour Forum was re-established and had functional engagements with management especially on matter affecting the municipal workforce.

Information and Communications Technology:

Information and Communications Technology is the backbone of service operations in the Municipality. The unit has set out to achieve the following.

- **Information Technology Governance**

The issue of governance was flagged as a necessary intervention to regulate and guide the development path of IT in the Municipality. Information Technology Governance is a subset discipline of Corporate Governance focused on information technology (IT) systems and their performance and risk management. The rising interest in IT governance is partly due to compliance initiatives, but more so because of the need for greater accountability for decision-making around the use of IT in the best interest of all stakeholders. IT capability is directly related to the long term consequences of decisions made by top management. Traditionally, executives deferred key IT decisions to the company's IT professionals. This cannot ensure the best interests of all stakeholders unless deliberate action involves all stakeholders. IT governance systematically involves everyone, executive management and staff. It establishes the framework used by the organization to establish transparent accountability of individual decisions, and ensures the traceability of decisions to assigned responsibilities.

MUNICIPAL PERSONEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Department	Employees 2012/13	Employees 2013/14
Mayor	8	8
Speaker	6	4
Municipal Manager	6	4
Corporate Services	17	19
Town Hall and Offices	32	23
Finance	31	29
Social & Community Services	4	16
Cemeteries	8	8
Libraries	13	
Housing	6	4
Traffic	25	0
Parks	19	20
Refuse	56	55
Sewerage	62	64
Public Works	29	25
Water	42	45
Electricity	5	6
Technical Services	7	10
Total	375	344

NEW APPOINTMENTS FOR 2013/14

NAME OF EMPLOYEE	POSITION
Elias Kaise	Assistant Manager Legal Services
Security Guards	5 employees on 3 month fixed contract
LeratoMofokeng	Supply Chain Practitioner
Paul Mofokeng	Labour Relations Officer
Mimi Shuping	Chief Risk Officer
DikelediNtimotse	Assistant Manager: Revenue
Pule Tshabalala	Senior PMU Technician
Tshidi Diphoko	Committee Clerk
Lenka	Driver of the Speaker
	Secretary of the Speaker
NAME OF EMPLOYEE	POSITION
Elias Kaise	Assistant Manager Legal Services
Security Guards	5 employees on 3 month fixed contract
LeratoMofokeng	Supply Chain Practitioner
Paul Mofokeng	Labour Relations Officer
Mimi Shuping	Chief Risk Officer
DikelediNtimotse	Assistant Manager: Revenue
Pule Tshabalala	Senior PMU Technician
TshidiDiphoko	Committee Clerk
Lenka	Driver of the Speaker
	Secretary of the Speaker

LIST OF TERMINATED EMPLOYEES FOR 2013/14

TERMINATED EMPLOYEES JULY 2013 – JULY 2014

INITIAL & SURNAME	STATUS	DATE
KA Chalale	Deceased	20/07/2013
Mr MP Mosase	Dismissed	04/09/2014
Mr ME Mphosi	Retired	28/02/2014
Mr TA Mokone	Retired	30/09/2013
Mr MP Kotsamere	Abscond	
Mr DS Mokhele	Deceased	23/03/2014
Mr XN Matiwane	Deceased	06/01/2014
Mr TD Sehloho	Dismissed	04/09/2013
Me MC Setai	Dismissed	15/10/2013
Me DMZ Mkwane	Resigned	09/04/2014
Me LY Koitheng	Dismissed	04/09/2013
Mr MK Maphisa	Dismissed	04/09/2013
Mr SET Mokhomo	Resigned	09/04/2014
Mr SJ Moabi	Deceased	09/01/2014
Mr BM Diphoko	Abscond	
Mr LM Maja	Resigned	
Me MEMokoena	Resigned	
Mr MJ Mabote	Deceased	08/02/2014

CHAPTER 5

INTRODUCTION

Chapter 5 encompasses information regarding financial performance and highlights detail accomplishments carried out by the municipality using GRAP as guiding framework for reporting.

The chapter comprises of the following components:

- Component A: Statements of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

INTRODUCTION TO FINANCIAL PERFORMANCE

Based on the Financial Performance of the Municipality a deficit is reported for the fiscal year under review. This resulted to an unfavourable expenditure of employee costs and Remuneration of councillors. These costs have to be reduced in order for the municipality to recover the loss and meet intended objectives.

There's no analysis made on depreciation and impairments due to the fact that Assets are currently revaluated; hence comments on assets will be pending until a true valuation of assets is provided.



5.1 STATEMENTS OF FINANCIAL PERFORMANCE

R' 000						
Description	Year 2011/12	Current Year: Year 2013/14		Actual	Year 1 Variance	
	Actual	Original Budget	Adjusted Budget		Original Budget	Adjustments Budget
<u>Financial Performance</u>						
Property rates	15 075	10 980	16 280		31%	31%
Service charges	1 164	70 256	71 256		-4740263%	-1796%
Investment revenue	186	339	339		73%	-73%
Transfers recognised – operational	71 549	86 121	86 121		-17%	-17%
Other own revenue	25 417	15 480	6 646		-50684%	99%
Total Revenue (excluding capital transfers and contributions)	113 391	183 176	180 642		-60028%	-3%
Employee costs	55 857 239	67 506	62 537		12%	100%
Remuneration of councillors	5 276 284	6 285	6 285		1%	100%
Depreciation & asset impairment	24 601 019	2 006	2 006		84%	100%
Finance charges	1 474 432	424	424		100%	100%
Materials and bulk purchases	28 185 051	27 416	36 616		100%	100%
Transfers and grants	120 467 462	18 239	18 239		-	-
Other expenditure	23 126 662	61 247	51 189		-209%	100%
Total Expenditure	258 988 149	1831200	177296000		50%	100%
Surplus/(Deficit)	-258 874 758	53	3 346		76%	100%



Transfers recognised – capital		55 271 5 775	55 271 5 775			
Contributions recognised - capital & contributed assets	–			–		
Surplus/(Deficit) after capital transfers & contributions	16 406 931				77%	117%
Share of surplus/ (deficit) of associate						
Surplus/(Deficit) for the year	16 406 931				77%	117%
<u>Capital expenditure & funds sources</u>						
Capital expenditure		55271000	55271000			
Transfers recognised – capital						
Public contributions & donations	–			–	0%	0%
Borrowing	–			–	0%	0%
Internally generated funds		5775000	5775000			
Total sources of capital funds		61049000	61049000	0		
<u>Financial position</u>						
Total current assets	78 923 759				69%	76%
Total non-current assets	572 022 050				76%	76%
Total current liabilities	54 614 189				-15%	-15%
Total non-current liabilities	20 759 867				67%	67%
Community wealth/Equity	0					



<u>Cash flows</u>						
Net cash from (used) operating	49 660 759				0%	100%
Net cash from (used) investing	-28 409 199				-58%	100%
Net cash from (used) financing	2 813 112				197%	100%
Cash/cash equivalents at the year end	4 716 294				49%	100%
<u>Cash backing/surplus reconciliation</u>						
Cash and investments available	0					
Application of cash and investments	0					
Balance - surplus (shortfall)	0					
<u>Asset management</u>						
Asset register summary (WDV)	0					
Depreciation & asset impairment	0					
Renewal of Existing Assets	0					
Repairs and Maintenance	0					
<u>Free services</u>						
Cost of Free Basic Services provided	0					
Revenue cost of free services provided	0					
<u>Households below minimum service level</u>						
Water:	0					
Sanitation/sewerage:	0					
Energy:	0					
Refuse:	0					
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1</i>						

FINANCIAL PERFORMAMNCE OF OPERATIONAL SERIVICES

Description	FINANCIAL PERFORMAMNCE OF OPERATIONAL SERIVICES					
	FINANCIAL PERFORMAMNCE OF OPERATIONAL SERIVICES					
	R' 000					
Description	2012/13			2013/14 Variance		
	Adjustment Budgeted	Actual	Adjustments Budget %	Adjustments Budget %	Actual	Adjustments Budget %
<u>Operational Costs:</u>						
Water	(8,658,623)	13,805,598	22,464,221			
Waste Water(Sanitation)						
Electricity		(5,356,538)				
Waste Management	(212,114)	891,466	1,103,580			
Housing						
Component A: sub-total						
Storm water Drainage						
Roads						
Transport						
Component B: sub-total						
Planning						
Local Economic						115

Development						
Component B: sub-total						
Planning (Strategic & Regulatory)						
Local Economic Development						
Component C: sub-total						
Community & Social Services						
Environmental Protection						
Health Security and Safety						
Sport and Recreation						
Corporate Policy Offices and Other						
Component D: sub-total						
Total Expenditure						

5.2 GRANTS

GRANT PERFORMANCE

GRANT						
Description	2012/14			2013/14		
	Actual	Budget	Adjusted Budgets	Actual	Budget	Adjusted Budgets
National Government:						
Equitable Share	81,091.000	-	(81,091.000)		82 581 000	
Municipal Systems Improvement	-				890 000	
Department of Water Affairs	36 782 000	-			17 000 000	
Levy replacement					2 650 000	
Other transfers/grants						
Provincial Government:						
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation						
Other transfers/grants[insert description]						
District Municipality:						
Total Operating Transfers and Grants					86 121 000	

GRANTS RECEIVED FROM OTHER SOURCES

Comment

The municipality did not receive other grants from other sources for the financial year under review

Grants Received from Other Sources

DETAILS OF DONOR	Actual Grant 2012/13	Actual Grant 2013/14	Municipal Contribution 2013/14	Date Grant Terminates	Date Municipal Contribution Terminates	Nature and benefit from The grant received, include description of any contributions in kind
Parastatals						
A-"Project1"						
A-"Project2"						
B-"Project1"						
B-"Project2"						
Foreign Governments/Development Aid Agencies						
A-"Project1"						
A-"Project2"						
B-"Project1"						
B-"Project2"						
Private Sector/Organisations						
A-"Project1"						
A-"Project2"						
B-"Project1"						
B-"Project2"						
<i>Provide a comprehensive response to this schedule</i>						

5.3 MANAGEMENT

TREATMENT OF THREE LARGEST ASSET ACQUIRED IN 2013/14

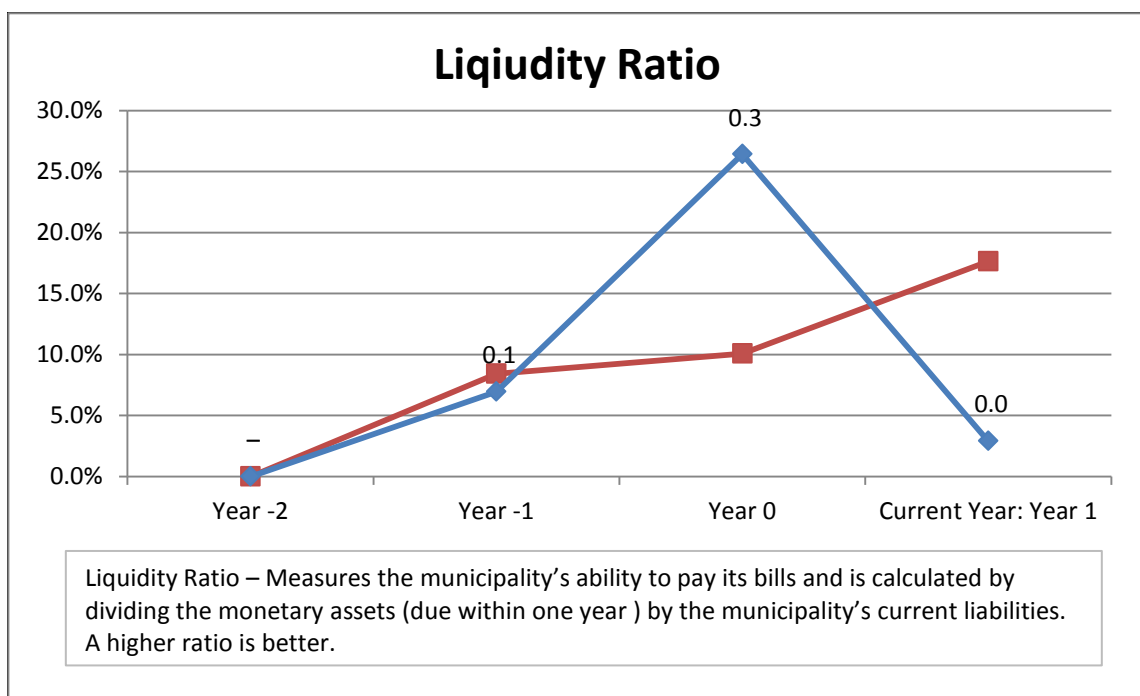
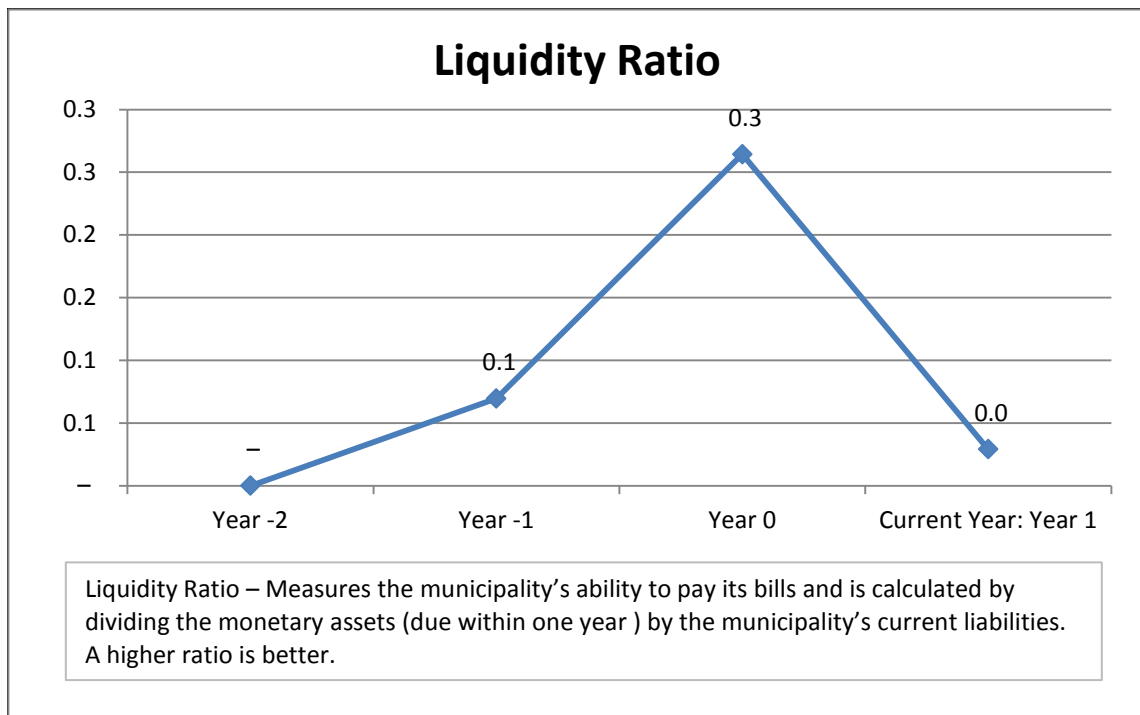
TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2013/14					
Asset1					
Name	Bulkwater				
Description	Infrastructure – Immovable assets				
Asset Type	Infrastructure – Immovable assets – Non-current assets				
Key Staff Involved	Mr Maja				
Staff Responsibilities	Assets Management and Maintanance				
Asset Value	2009/10	2010/11	2011/12	2012/13	2013/14
		371 858	147 032 185.15	117 314 513.45	105 593 776
Capital Implications					
Future Purpose of Asset					
Describe Key Issues					
Policies in Place to Manage					
Asset2					
Name	Storm water & Roads				
Description	Infrastructure – Immovable assets				
Asset Type	Infrastructure – Immovable assets – Non-current assets				
Key Staff Involved	Mr Maja				
Staff Responsibilities	Assets Management and Maintanance				
Asset Value	2009/10	2010/11	2011/12	2012/13	2013/14
		305 853 234	112 966 076	1091 46 899.08	101 919 962.93
Capital Implications					
Future Purpose of Asset					
Describe Key Issues					
Policies in Place to Manage					

REPAIRS AND MAINTANANCE

Repair and MaintenanceExpenditure:2013/14				
R'000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance	12 110 234	16 133 078	4,499,498	64.27%

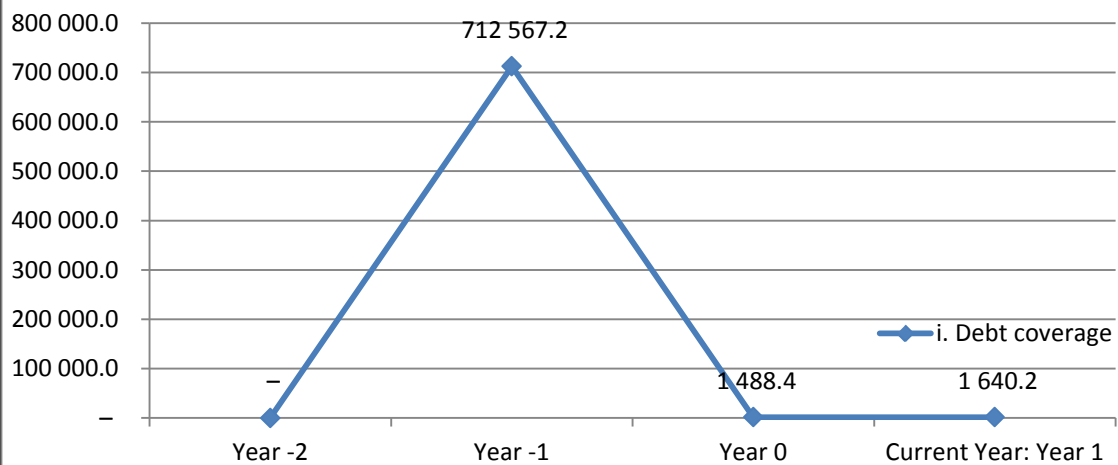


5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



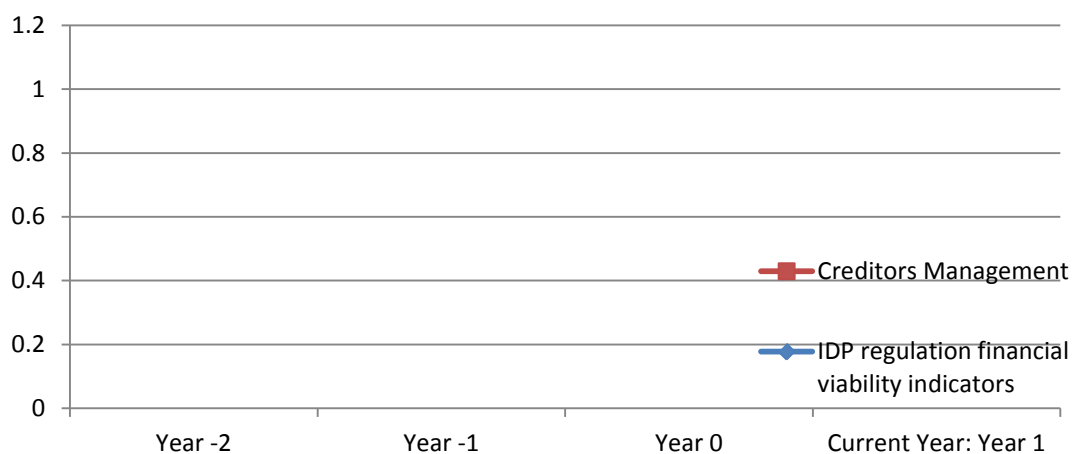


Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

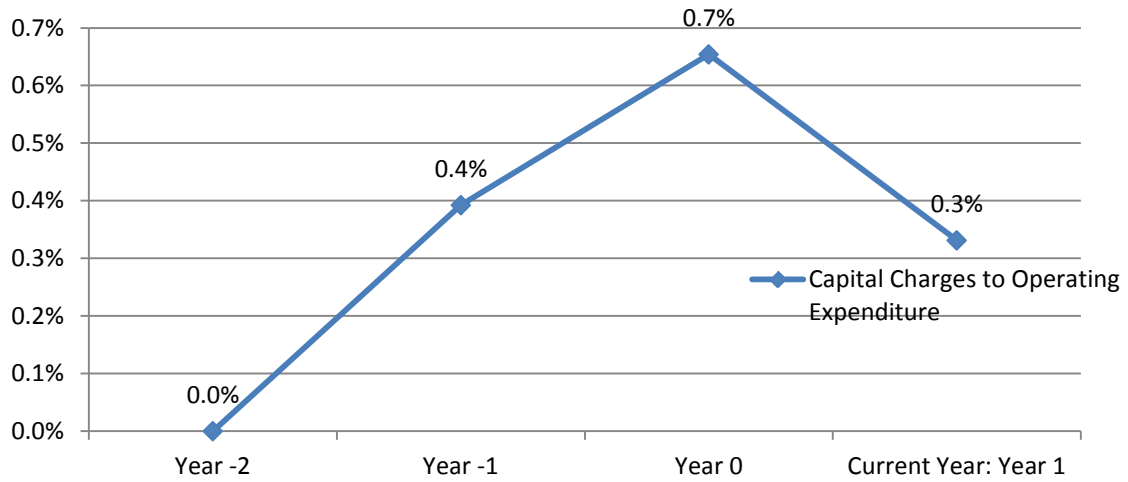
Debt Coverage



Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

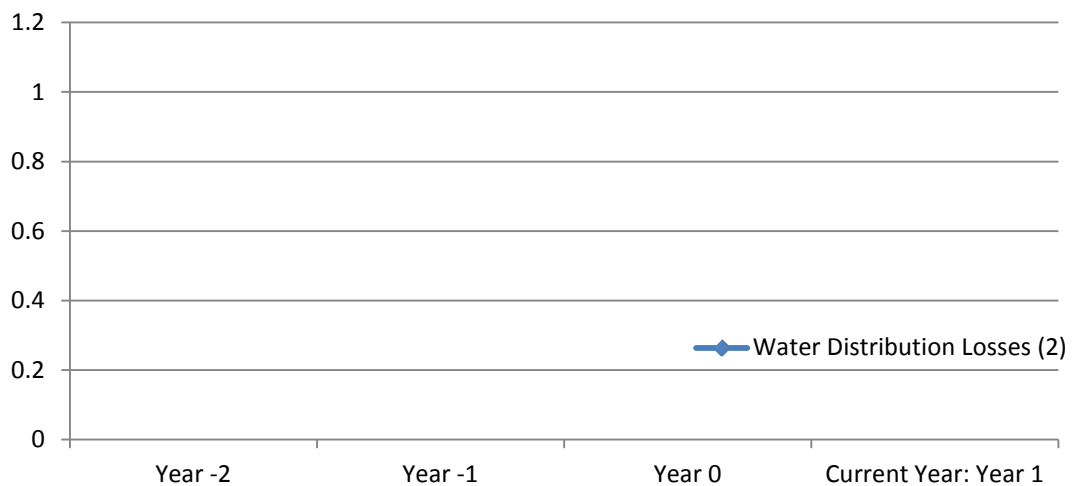


Capital Charges to Operating Expenditure



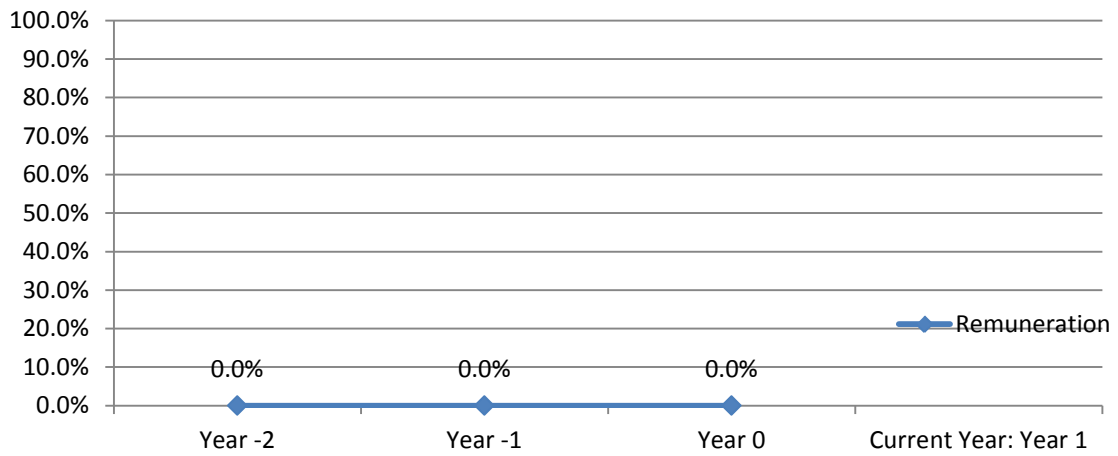
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

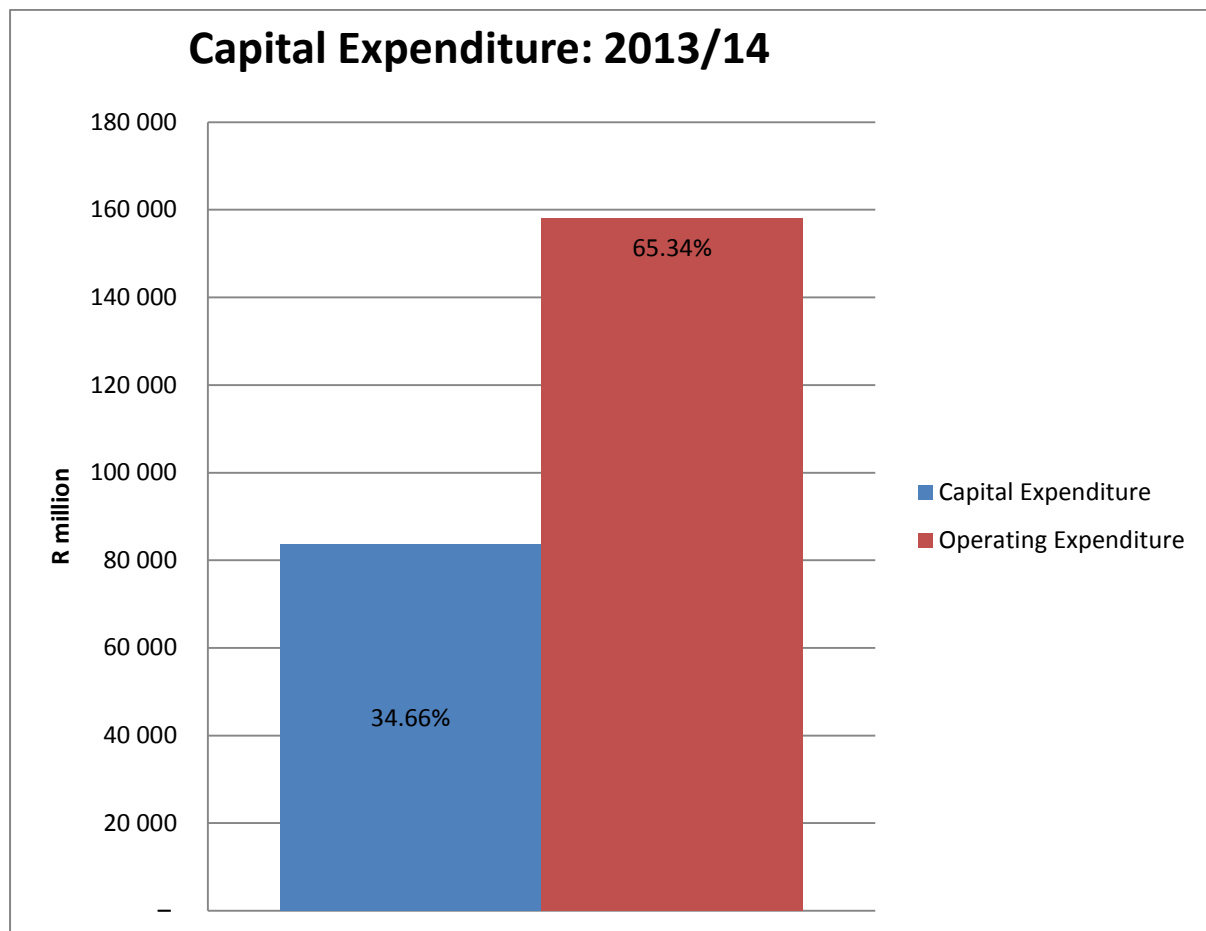
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

CAPITAL EXPENDITURE: Capital expenditure includes costs incurred on the acquisition of fixed or movable assets, construction of projects and any subsequent expenditure that increases the earning capacity of an existing asset. The cost of acquisition not only includes the cost of purchases but also any additional costs incurred in bringing the asset into its present location and condition (e.g. Delivery Costs, Installation Cost, Replacement Cost, Up gradation Costs, etc.).

Capital expenditure is funded from grants, borrowings and operating expenditures; surpluses and any other applicable external funding.

5.5 CAPITAL EXPENDITURE



5.6 SOURCES OF FUNDING

Capital Expenditure - Funding Sources 2012/13- 2013/14							
R' 000							
Details		Year 2012/13	Year 2013/14				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance		5 003					
	External loans	-					
	Public contributions and donations	120 467					
	Grants and subsidies	-	55 271	55 271			
	Other	125 470					
Total							
Percentage of finance		3.99%					
	External loans	-					
	Public contributions and donations	96.01%					
	Grants and subsidies	-					
	Other						
Capital expenditure		22 721					
	Water and sanitation	26 366		56 451 288	56 451 288		

	Electricity	2 100					
	Housing	481					
	Roads and storm water	-					
	Other	51 669					
Total							
<i>Percentage of expenditure</i>		43.97%					
	Water and sanitation	51.03%					
	Electricity	4.06%					
	Housing	0.93%					
	Roads and storm water	-					
	Other	5 003					

SOURCES

TYPE	2014	2013	2012
MIG		36 782 000	30 322 000
MSIG	890 000	800 000	71 635 000
EQUITABLE SHARE	82 121 hgb 000	81 091 000	1250 000
FMG	1 500 000	1 500 000	790000
SPECIAL ASISTANCE (COGTA)		-	-
HOUSING GRAND		-	30 322 000
TOTALS		120 173 000	134 319 000

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: 2013/14			Variance: 2013/14	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A-MIG/FS/0575/S/07/08					
B-					
C- MIG/FS/0748/CF/09/10					
D-MIG/FS/0587/S/07/07					
E-MIG/FS/0874/R,ST/12/12					
*Project with the highest capital expenditure in Year 0					
MIG/FS/0575/S/07/08 -A					
Objective of Project	Winburg/Makeleketla: Eradication of 1261 buckets				
Delays	Planning processes				
Future Challenges	Capacity in PMU				
Anticipated citizen benefits	Improved service delivery				
-B					
Objective of Project	Brandfort/Majwemasweu Upgrading of Water Purification Plant-Phase 2				
Delays	Planning processes				
Future Challenges	Capacity in PMU				
Anticipated citizen benefits	Giving citizen the control over their household water bill and the opportunity to save money by reducing				
MIG/FS/0859/W/11/11-C					
Objective of Project	Installation of 3122 Water Meters and 3 Zone Meters in Winburg/Makeleketla				
Delays	Planning processes				
Future Challenges	Capacity in PMU				
Anticipated citizen benefits	Giving citizen the control over their household water bill and the opportunity to save money by reducing				
MIG/FS/0857/W/11/11-D					
Objective of Project	Installation of 2719 Water Meters, 3 Zone Water Meters and 3 Bulk Water Meters in Brandfort/Majwemasweu				
Delays	Planning processes				

Future Challenges	Capacity in PMU
Anticipated citizen benefits	Giving citizen the control over their household water bill and the opportunity to save money by reducing
MIG/FS/0822/R,ST/11/1	
Objective of Project	Construction of 0.8km residential distributor streets in Winburg/Makeleketla
Delays	Planning processes
Future Challenges	Capacity in PMU
Anticipated citizen benefits	Improved service delivery

5.8 BASIC SERVICES AND INFRASTRUCTURE BACKLOGS- OVERVIEW

Service Backlogs as at 30 June Year 20 14				
	Households (HHs)			
	*Service level above minimum		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water		%		%
Sanitation		%		%
Electricity		%		%
Waste management		%		%
Housing		%		%
%HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and * informal settlements.				

MIG Expenditure

Municipal Infrastructure Grant (MIG)* Expenditure 2013/14 on Service backlogs						
						R'000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions Applied by donor (continue below if necessary)
				Budget Adjustment		
Infrastructure-Road transport				%	%	
<i>Roads, Pavements & Bridges</i>				%	%	
<i>Storm water</i>				%	%	
Infrastructure-Electricity				%	%	
<i>Generation</i>				%	%	
<i>Transmission & Reticulation</i>				%	%	
<i>Street Lighting</i>				%	%	
Infrastructure- Water				%	%	
<i>Dams & Reservoirs</i>				%	%	
<i>Water purification</i>				%	%	
<i>Reticulation</i>				%	%	
Infrastructure-Sanitation				%	%	
<i>Reticulation</i>				%	%	
<i>Sewerage purification</i>				%	%	
Infrastructure-Other				%	%	
<i>Waste Management</i>				%	%	
<i>Transportation</i>				%	%	
<i>Gas</i>				%	%	
Other Specify:				%	%	
				%	%	
				%	%	
Total				%	%	
* MIG is a government grant program designed to fund service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at						

COMPONENTC: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

Cash Flow Outcomes

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014			
	30 JUNE 2014	30 JUNE 2013	30 JUNE 2012
		R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Taxation		3 202 014	(400 783)
Sale of goods and services		49 998 998	53 106 027
Grants		105 071 000	113 200 037
Interest income		783 086	959 301
Other receipts		1 178 570	1 188 138
Payments			
Employee costs		(52 256 190)	(50 563 185)
Suppliers		(56 791 447)	(76 760 712)
Finance costs		(1 525 271)	(1 955 263)
Cash generated by operations		49 660 759	38 773 561
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(52 127 157)	(35 823 422)
Purchase of Investment property		-	(5 650 196)
Proceeds from the disposal of investments		3 028	5 478 190
Net Cash from Investing Activities		(52 124 129)	(35 995 428)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long-term liabilities		(1 650 556)	(1 737 014)
Employee benefit payment		(1 162 556)	(654 564)
Net Cash from Financing Activities		(2 813 112)	(2 391 578)

NET INCREASE IN CASH AND CASH EQUIVALENTS		(5 276 482)	386 555
Cash and Cash Equivalents at the beginning of the year		1 287 269	527 000
Cash and Cash Equivalents at the end of the year		(3 429 025)	1 287 269
NET INCREASE IN CASH AND CASH EQUIVALENTS		(4 716 294)	760 269



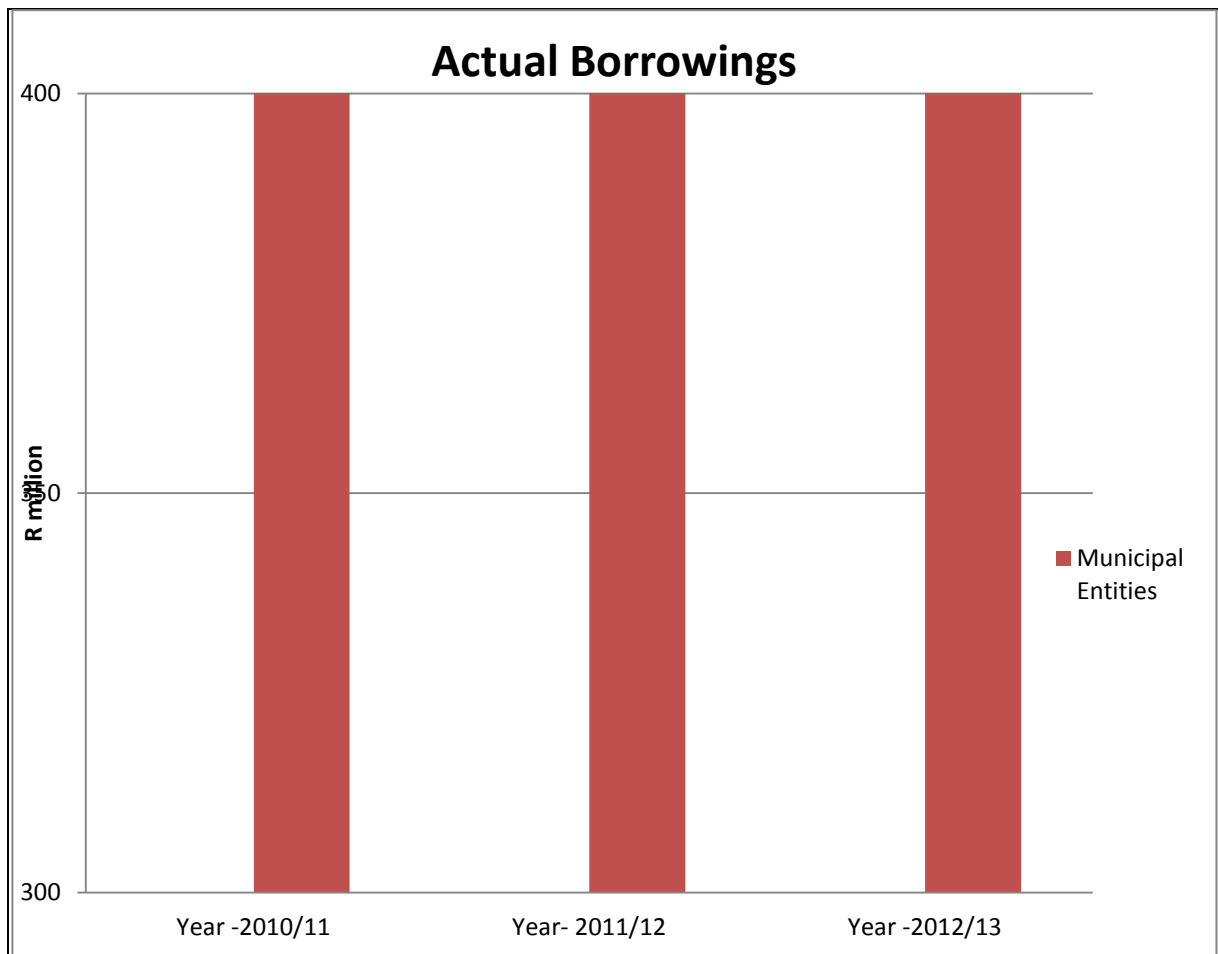
5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO LONG-TERM BORROWINGS AND INVESTMENTS

The municipality is not highly geared and able to meet its long term obligations. The long-term loans decreased over last year, with employee benefits and provisions being raised as per GRAP standards.

Actual Borrowings

Actual Borrowings: 2011/12 - 2013/14			
			R' 000
Instrument	Year- 2011/12	Year -2012/13	Year -2013/14
<u>Municipality</u>			
Long-Term Loans (annuity/reducing balance)	20 695 925	3 629 963	
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases	2 734 746	1 372 839	
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	23 430 671	5 002 802	
<u>Municipal Entities</u>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total			



Municipal Investments

Municipal			
			R'000
	2011/12	2012/13	2013/14
Investment*type	Actual	Actual	Actual
Municipality			
Securities-National Government			
Listed Corporate Bonds			
Deposits-Bank	1,287,26		
Deposits-			
Deposits-Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit-Banks			
Guaranteed Endowment Policies(sinking)			
Repurchase Agreements -Banks			
Municipal Bonds			
Other	79,086		
Municipality Total	6,645,		

5.11 PUBLIC PRIVATE PARTNERSHIPS

- The municipality have not entered into any public private partnership.

5.12 SUPPLYCHAINMANAGEMENT

COMMENT ON SUPPLY CHAIN MAGENT

The Supply Chain Unit consists of one official only and as such is not regarded as being functional as per section 155 of the MFMA. The Supply Chain Policy should be reviewed to ensure compliance with S112 of the MFM. During the period of administration, no bid committees were established and this contributed to non-compliance with SCM procedures and irregular expenditure. Contracts were concluded with some suppliers without following the lasted bid procedures further contributing to irregular expenditure.

Supply Chain Non-Compliance	2014	2013
		R
Unauthorised Expenditure		519,743,649
Fruitless Expenditure		525,966
Irregular Expenditure		164,046,667



5.13 GRAP COMPLIANCE

GRAP is an acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not effective yet.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP. The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated and for early adoption of the GRAP 104 and the accounting policy based on the GRAP 25. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

CHAPTER 6

The Constitution S188 (1)(b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.